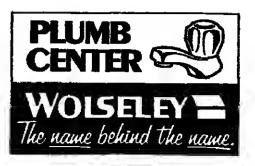
Weekend January 7/January 8 1989 No. 30,737

Blue Arrow chairman

NatWest shareholding

**'unaware'** of County

D 8523 A



**WORLD NEWS** 

nuary 6 196

#### Czechs to visit UK over Semtex probe

Czechoslovakian experts are coming to Britain next week to help establish whether Sem-tex explosive, made in their country, was behind the Pan Am bomb at Lockerbie.

Meanwhile the search for wreckage from the airliner widened, and passengers at British airports experienced huge queues as tougher secu-rity measures took effect.

The International Foundation of Airline Passengers' Associations suggested travellers should pay a dollar each to finance the higher cost of tighter security. Page 4 .

Sikhs in the Punjab staged  $\phi$ general strike in protest against the execution of two men convicted of assassinating former Prime Minister Indira

Defence fraud trial A US defence contractor, two of its former senior executives and an official from another company admitted criminal charges in the Pentagon arms procurement scandal.

Baker 'gaining support' Education Secretary Kenneth Baker said plans for a national curriculum were gaining support. Page 4

Belgians curbs guns Belgians will in future need police permission to buy pump-action shotguns with short barrels. Regulations are being tightened because of the rising number of armed rob-

Chaifent for IBA

MINLITH AFRICA

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August . Trans.

Former Labour foreign minister Lord Chalfont is to become deputy chairman of the Inde-pendent Broadcasting Authority next month. Page 4

Philippines rebeis Troops backed by armoured vehicles storned a military garrison in the Philippines after renegade Moslem police-men killed a general they were holding hostage. Several people were feared dead and at least five were wounded.

Afghan talks stelled resistance leaders reached deadlock in their second round of peace talks, aithough the two sides agreed to meet again.

Weepous workers strike Atomic weapons workers at Fourness, Essex, went on strike in support of a union call for pay parity with employees at the Atomic Weapons Research

Establishment at Aldermaston, Berkshire, Page 5

Five men and two women were arrested after police and Cus-toms officins seized cannabis worth nearly £1.5m in raids in Wales, The swoop followed nine months' investigations.

Stalin's victims Millions of Soviet victims of Stalin's purges should be rehabilitated, the Communist Party Central Committee agreed. Page 2

Gavrocho 'diagraceful' Conditions in the basement of Le Gavroche Restaurant, Mayfair, were "disgraceful", Wells Street Court in London was told. Chef Albert Roux faces 20 summonses alleging hygiene infringements and breaches of the Health and Safety at Work Act.

Hilack ended

West German police stormed a hijacked bus in Düsseldorf and freed two hostages. They also captured drunken gunna who had demanded money, beer and a flight to Brazil.

Bhopel extradition move An Indian prosecutor said a case was being prepared for the extradition from the US of former Union Carbide chair-man Warren Anderson. The move is linked with the 1964 Bhopel ges disaster.

DOLLAR New York lun DM1.81365

DM1.814 (1.7945)

FF16.1875 (8.13).

SFr1.5475 (1.53)

\$ index 66.3 (85.8)

US LUNCHTHIE

Fed Funds 9%

99 ½ yheld: 9.06%

RATES

Takyo close: Y125.97

S-mo Treasury Biller yield: 8.56% Long Bond:

Y126.65 (125.6)

FFr6,1775

**BUSINESS SUMMARY** 

# Murdoch

WILLIAM COLLINS lost its

The Collins board recommended accepting News' £403m offer at a meeting yesterday morning and shortly after mid-day News announced that after ere purchases it held 54 per cent of Collins. Page 8

London equity market wound

FT Index Ordinary share (hourly movements) Days close

up the week in confident mood it climbed 9.8 to close at 1,481.8. London Stock Exchange,

NIGEL LAWSON, the Chancellor, is expected to set March 14 as the date for his next Budget. Page 22

PARIS Bourse was extremely busy with volumes soaring and shares climbing through-out the session. The CAC Gen-eral index added 7.2 to 433.5 and the OMF 50 index put on 9.76 to 459.28. World Stock Markets, Pages 12,13

MANILA is to resume talks with the International Monetary Fund on a crucial money facility following the collapse of last month's talks, Page 3 SOVIET Polithuro was forced to approve a package of price control measures following the growing threat of inflation in the Soviet economy.

BUILDING SOCIETIES and gage rate. The Halifax and Abbey National building societies led the rise, putting up the standard mortgage rates from 12.75 to 13.5 per cent.

Page 2.

BRITISH AIRWAYS is to carry out a 10 per cent cost-cutting programme this year to ensure it remains competitive in the market. Page 4

BENETTON, Italian clothes maker, held talks with Nippon panese insurer, which could lead to the Japanese insurer taking up a small equity stake in Benetton. Page 10

JAPAN'S regulatory authori-ties expressed concern about the risks involved in financing leveraged buy-outs. The country's commercial banks are corrently finalising decision on whether to help fund Kohl-berg Kravis Roberts' \$25bn buy-out of RJR Nabisco, US food and tobacco group. Page 10

MOET HENNESSY - Louis Vuitton: Battle for control of France's leading champagne, cognac and luxury products group resumed and pushed LVMH's share price to new heights, closing at FFr4,100. Page 10

MAXWRLL Communication Corporation, publishing and information group, and Mac-millan, US publisher, disposed of more US publishing assets for \$171m (£96m). Page 8

SCOTTISH & NEWCASTLE Breweries said several leading UK equity market-makers created significant short positions in its shares as a result of sales to Elders IXL on November in, the day the Australian com-pany's bid for the UK brewer was referred to the Monopolies and Mergers Commission.

MARKETS

New York In \$1.78075 \$1.78 (1.798) DM3.23 (3.2275) FFF11.015 (11.02) SF(2.755 (2.75) Y225.5 (225.75) £ Index 97.4 (97.6) OOLD

New York: Comex Feb \$407.9 \$405.75 (407.75)

N SEA OIL (Argus) Frant 15-day Jan \$17.15 (18.90)

Chief price changes yesterday: Page 22

STOCK INDICES FT-SE 100: 1,811.3 (+11.8) FT Ordinary: 1,481,3 (+9,8) FT-A All Share: 935.77 (+0.6%) FT-A long glit yield Index high coupon: 9.23 (9.27) New York tunchtime DJ Ind. Av. 2,204.82 (+14.28) Tokyo: Nikkei 30,209.54 (+25.75)

> LONDON MONEY 3-month interbenic

closing 13表% (13人)

wins control

# of Collins

seven-week battle to retain its independence after Rupert Murdoch's News International gained control of the UK book

FT Ordinary Index rose 26 points across the week. As the

THE CHAIRMAN of Blue Arrow, the world's largest employment agency, yesterday said he would consider legal action against County Nat-West, the investment banking arm of National Westminster Bank, if it was found to have bank, if it was found to have acted improperty by a Depart-ment of Trade and Industry investigation into the group's \$237m rights issue in Septem-ber 1937. Mr Tony Berry also said that he was unaware until Decemadviser, had acquired a 9.4 per cent holding in the placing that followed the poor take-up of the issue.
However, last night County
NatWest said its response to
Mr Berry's statement was "one
of surprise". It would seek clar-

Tony Berry: ewaiting outcome of DTI investigation

no question of any indemnity agreement between the two

companies and County.
Only 49 per cent of the rights issue, which was used to finance the acquisition of the meut group subsequently acquired by Mecca Leisure – received shares in the placing. US employment agency Manpower, was taken up by exist-ing shareholders. County Natsuch as Beazer and Pleasurama to take up shares in such a placing. Pleasurama is under-stood to have acquired about West and Phillips & Drew, Blue Arrow's broker, said at the time that the remainder of the

3m shares, worth £5m at the placing price, and Beazer just over half that number. There is However, it later emerged However, it later emerged that County NatWest ended up with 9.4 per cent of Blue

Arrow's equity, split between the investment bank and the market-making department.

Splitting the holding appeared to absolve County from disclosing its stake, but the DTI is investigating whether County countied with

Continued on Page 22

### Chase cuts 135 jobs from its securities operations

By Richard Waters

CHASE Manhattan, the US bank, yesterday became the latest UK market-maker to close part of its securities operation, with the loss of 135 jobs. The move follows a decision

ber 1987 that County NatWest.

then Blue Arrow's financial

Meanwhile, it emerged yes-terday that two corporate cli-

ents of County NatWest -Beazer, the construction and

building materials company.

and Pleasurama, the entertain-

It is unusual for corporations

ification from him.

earlier in the week by Security Pacific Hoare Govett, a stockbroker in government gilt-edged securities, to shed 200 jobs by shutting its apparations in gilts and other international securities. Chase has closed its equities

business, leading to a write-off after tax of \$40m (£22.25m). That includes the costs of redundancy payments, fixed assets and about \$20m of the total \$25m goodwill the bank paid to enter the equities mar-

Chase said it was keeping on a few salesmen to work on European stocks. In addition, some analysts will stay to support its corporate finance divi-

Chase is also retaining the 260 people working in its gilts and fixed-interest division, unlike Hoare Govett and Mor-gan Grenfell, which also amounced its withdrawal from gilts in the past month. Chase's withdrawal marks

The retreat from the markets since Big Bang

Chase Manhattan Equities Citicorp S'geour Gilts Vickers Gilts, Eurobonds Hoare Govett Lloyds Bank Gilts, Eurobonds Midland Bank Morgan Grenfell Gilts, Equities, Gilts, Eurobonds Gilts

Orion Ri Bank Pru-Bache Royal Bank Gitts, Eurobonds of Canada Smith Barney Eurobonds

ins skeleton broking and research Retains private client broking operation the end of an unsuccessful and, according to critics, half-hearted attempt to break into

equities. By the time it came to the City, its competitors had established relationships with leading broking firms.

Chase took an interest in two firms, Laurie Milbank and Simon and Coates. The first

formed the basis of its continuing fixed-interest business, while the latter was intended to provide a springboard into the equities market.

The equity operation never achieved a significant market share. It gained only 2 per cent of institutional sales and a slightly larger share of mar-ket-making. Mr Paul Brandow, beed of

capital markets and foreign exchange operations in London, said the equities business had bean losing money, although he did not disclose how much. The \$40m write-off does not include accumulated

By contrast, he said the fixed-interest division was "doing reasonably, given the market conditions," although also operating at a loss. Chase said that a five-month

study into its securities business had shown that the ability to make markets in equities was "relatively unimportant" in the long term to its clients. That contrasts with state ments at the time it entered the equity market in 1984. Three ways to cope with gloom, Page 7; Lex, Page 22

### Food makers cater for all tastes

By Christopher Parkes, Consumer Industries Editor

food chain in the search for unusual tastes. Porter Provisions has been king about in the briny, and

its find for the adventurous cook is sea urchin coral, which should go nicely with giant green-lipped mussels fresh in from New Zealand. Whole Earth Foods ventured

into fantasy land and came back with "organically grown pasta," presumably cropped from the famous spoof spa-ghetti trees featured in Rich-ard Dimbleby's Panorama April fool hoax on BBC televi-All three are being launched

at the end of this month at the International Food and Drink Exhibition at London's Olym-

THE DIZZY eclecticism of pla, where 1,800 manufactur-Britain's new eating habits is leading food makers to scour the furthest extremities of the While mainstream food marwhile mainstream took mar-kets are dominated by the big groups, increasing demand for "something special" has tempted hundreds of entrants. As a result, show visitors will be able to sample Nepicar, a new cheese from British

Sheep Dairy products, along-side the standard waxy ched-dar from the bulk makers. Whole Earth Foods will also chance its arm in the cola business, showing its Decaff caffeine-free variety that will compete with Coca-Cola's new decaffeinated Diet Coke. Organic sloe nectar makes a

bid for a portion of the fruit juices trade, and there will be alcoholic alternatives in Carmin Cassis-Groseille, a French wine made of black

and red currants, and spar-kling British strawberry wine. The search for alternatives has produced a timely intro-duction from the Oasters egg company in the form of cartons of pasteurised whole egg, guaranteed salmonella-free, nd billed as ideal for scrambling or omelettes. But the award for the most

comprehensive adaptation of a popular product to the "alter-native" taste must go to Rayner Burgess's Soyannaise "made with cider vinegar instead of malt vinegar, sea salt instead of processed, soya oil instead of vegetable oil, tofu instead of eggs and cane sugar instead of refined." For the record, a poll of

retailers by marketing com-pany KAR last year elected a large white loaf as best new grocery product of 1987.

#### CONTENTS

The future of chemical weapons: The deadly brew of nabonalism

Derek Birkin of RTZ

Britain's NHS Prescription for greater GP power

Redundancies in the City . Three ways to cope with gloom Appointments .... Money Markets Commodities Prices ..... odities Review ... ean Options Walt Stre ET World Actuaries ..... Bourses 12.13 Foreign Exchanges ...... UK News General Intl. Companies Unit Trusts

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Austria Sch22; Behrein Din0.650; Bermuda S1.50; Belgium BFc68; Canada C\$1.00; Cyprus C\$0.90; Denounk OK10.00; Egypt E\$2.25; Findan Fmix'00; France FFc7.00; Germany DM2.30; Greece Dr120; Mong Kong HK\$12; Iceland UK\$125; India Rup15; Indonesia Rp3,100; Irelan BD.50; Israel K\$5.50; Raly L1700; Japan Y600; Jordan Fila.500; Kuwati File.500; Lubanno S1.105; Lucatebourg L7-68; Matigala Rio4.25; Made Pa200; Morrocco Disco), Nationalmok S1.300. Norway Nor10.00; Portugat Eac.120; S.Anabia Rio7.00; Singapore S\$4.10; Spain Pa145; Sri Lank Rio7.00; Surgapore S\$4.10; Spain Pa145; Sri Lank Rio7.00; Spain Pa145;

### Chemical arms talks clouded by Libyan dispute

By lan Davidson in Paris

HIGH-LEVEL delegations from 143 countries meet in Paris today to consider tightening controls on the use and production of chemical weapons amid differences between western and Third World countries over chemical and nuclear dis-

The conference is already overshadowed by the double US-Libyan controversy over American accusations that the Libyans are building a chemi-cal weapons factory at Rabta and the shooting down of two Libyan MiG jets by US fighters over the Mediterranean on

Wednesday.

The French Government, as conference host, hopes by next Wednesday to steer participants, including 80 foreign ministers, towards agreement on a declaration reaffirming their governments' condemnation of the use of chemical weapons, and giving fresh weapons and giving fresh impetus to the Geneva negotia-tions aimed at banning production and ownership of such arms.

French officials yesterday foresaw a danger that, instead of producing a new international consensus to condemn chemical weapons, the meeting could degenerate into a north-south split, with some develop-ing countries demanding an explicit link between chemical

and nuclear disarmament.

Arab countries in particular Arab countries in particular are reported to be pressing for such a link, partly out of solidarity with Libya, but also in protest against Israel's possession of nuclear weapons. Mr Farouq al-Sharaa, Syria's For-

eign Minister, was yesterday quoted in Le Monde as saying: "The Libyan Government is ready to commit itself to the elimination of weapons of mass destruction when Israel shows itself ready to do the same." President Saddam Hussein of Iraq — which has been widely condemned for using chemical

weapons in its war against Iran and against its Kurdish minority - yesterday cited Israel's possession of nuclear and chemical weapons which could reach many Arab cities as a threat to regional

as a threat to regional security.

Speaking in Baghdad, he said Iraq stressed its "moral and legal adherence" to the 1925 Geneva protocol hanning the use of chemical weapons, but added: "Iraq will not tolerate issues that might weaken its capability to protect its security when it is faced by an aggression."

Mr George Shultz, US Secretary of State, who is expected to address the conference today after its inauguration by President François Mitterrand, spent yesterday in bilateral meetings. A State Department official said afterwards that Mr Shultz had secured French, Canadian and Egyptian sup-

port for US contentions about the Libyan factory, Mr Shultz is scheduled to talk tomorrow with Mr Eduard Shevardnadze, his Soviet counterpart, to try to secure Soviet help in putting pressure on Continued on Page 22 Tripoli gets down to business, Page 2; Deadly brew of nation-alism, Page 6

### \$ rises sharply on hint of **Bundesbank policy shift**

By Janet Bush in New York and Simon Holberton

THE DOLLAR rose sharply in active trading yesterday after comments by the vice-presi-dent of the Bundesbank were interpreted as indicating a change in the West German central bank's policy towards

s currency Dr Helmut Schlesinger told Reuters that the Bundesbank's recent interventions were not designed to achieva certain exchange rate outcomes. He also said: "One cannot presume that there will be a weakening of the dollar in the immediate future. There are no

His comments appeared to conflict with those he made a

day earlier to a West German newspaper when he empha-sised the Bundesbank's con-cern over inflation and the necessity for a strong D-Mark. in London, the dollar closed at DM1.8140, compared with

Y126.65 against Y125.60. Both the Bundesbank and the US Federal Reserve, its US counterpart, intervened after the dollar rose strongly after Dr Schlesinger's comments. Economists in London said the dollar benefited from solid corporate demand for the US cur-Continued on Page 22 US job market grows, Page 2; Money markets, Page 11



#### A CITY AT WAR WITH ITSELF

Thirty years ago an American giant won e bitter battle for British Aluminium. David Kynaston looks back et an apic struggie which changed the face of the Squere Mila Page i

#### **Finance**

Aweiting the shock: the repercussions of the rise in mortgage rates for herd-pressed homeowners

Page IV

#### The Art Market

Robin Duthy considers the investment performence of ertists end the art market sinca 1975 Page XIV

#### How To Spend It

...on the very latest in ski gear that will ellow you to hit the slopes in style Page XI

#### **Diversions**

As arguments grow over damaging development of the countryside, small model settlements are returning to favour. Gillian Darley reports

> Page XI Travel

Fency footwork in the Great Jamaican Hustle Page VIII

# GLOBAL HIGH INCOME



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The Global High Income Bond Fund was launched just eighteen months ago in July 1987. We considered then that high-yielding Government and similar Bourts offered

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(where apparatus) in the short term he may be proved the amount he has invested.

Offer to hid basis, excluding initial charges, in sterl-ing with gross dividends reinvested - source: Guin-ness Flight Fund Managers (Guernaey) Limited.

"Source: Lipper Overseas Fund Table, December 16, 1088

10, 1993. Frund since launch 3.7.87 to 30.12.88 +8.0% (cal-culated as above"). FTA All Share Index for same period: —15.9% (total return basis) — source: Datas-

The Fund (and an accumulating sister Fund) are the only funds of precisely this type available outside the USA. We believe prospects for above-average real returns from the Fund remain excellent. If the current rise in interest rates chokes off inflation and initiates a mild recession, now should be a particularly good time to All share classes of the Guinness Flight Global Strategy

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Italy orders

Fiat 'move

investigated

THE Italian Government has ordered an investigation into ollegations that the First group

has been seeking to undermine trade union rights at its Alfa

trade union rights at its Alia-Lancia subsidiary, Alan Fried-man reports from Milan.

Labour Ministry inspectors will next week meet union leaders who work at Fiat plants across Italy to investi-gate claims that the Turin-based group has need unfair methods to persuade workers to give up their union member-ship.

The investigation comes

after several weeks of rising tension between unions and

the Flat group.

The fact that the investigation has been ordered by Mr
Rino Formica, the Labour Min-

ister, who is also a leading Socialist party politician, sug-gests the conflict could develop into a political issue.

on unions'

### Moscow approves price-control package

By Quentin Peel in Moscow

THE growing threat of inflation in the Soviet economy has forced the ruling politiburo to approve a package of price control measures, reversing

control measures, reversing key moves to decentralise deci-sion-making.

The measures amount to the second blow within one week to the fledgling co-operative sector, whose independent entrepreneurs are supposed to be the small business innova-tors of Mr Mikhail Gorbachev's

perestroika reforms.

They come at a time of rising restructuring of the economy has resulted in even greater shortages of consumer goods, and creeping inflation well above the official admission of

At the same time, the co-op-

erative sector has been the tar-get of sharp criticism for exploiting shortages by charging high prices for scarce

Some economista believe thet real inflation - including black market prices, co-operative prices, and the replacement of cheap goods by more expensive items — is at least 5 per ceut, and could be approaching double figures.

The inflatiou package, approved at the weekly polit-buro meeting normally chaired by the Soviet leader, but pub-lished only in hrief outline, will penalise co-operatives charging prices higher than state prices.

At the same time, it will reintroduce the centralised sys-

tem of state orders - compuisory procurement at fixed prices — for a range of essen-tial goods, including products for children and old-age pen-

A brief communique published yesterday in Pravda, the Communist party newspaper, said the package was aimed at overcoming the negative tendencies when prices of production products goods and services are services. tion products, goods and services, rise faster than their technical, economic and commodity properties: the most explicit official admission of inflation to date.

"The measures are also rine measures are also simed against the reduction of the ontput of inexpensive goods which are in demand, as this reduction is detrimental to the interests of the population."
The politburo has agreed to the package drawn up by the Council of Ministers, and likely to be published in full in the near future.

The package proposes that priority in granting supplies, technical assistance, and bank leans will be given to those co-operatives which sell their goods for prices no higher than state prices, and those fulfilling state orders on contracts with state enterprises.

The move against co-operative prices comes only days after a Council of Ministers' new enterprises from under-taking a range of activities like medical services, publishing, entertainment and educa-

tion – deemed to clash with the "interests of the state".
The polithuro says it will also give more power to local councils, or soviets, to control prices in co-operative cafes and

prices in co-operative cafes and restaurants.

The Soviet leadership also approved the draft of a new law allowing consumer organisations to be set up, and seeking drastically to raise quality control of consumer seeds in control of consumer goods in

control of consumer goods in Soviet industry.

The new law will attempt to link prices to the quality of products — something never practised in the past, with disastrous results. Manufacturing concerns will also be made to accept greater responsibility "for harm caused to the consumer by poor quality products," the communique said.

### US job market grows at moderate rate in December

By Anthony Harris in Washington

280,000 in December, sharply lower than the revised 404,000 increase in November, origi-nally put at 463,000. The December increase was, how-ever, well above the levels seen

ever, well above the levels seen in antumn. The johless rate was unchanged at 5.3 per cent. The make-up of the increase, a very modest rise in hourly pay and a small fall in everage weekly working hours all suggest that the rise does not signal over-heating in the labour. nal over-heating in the labour market. The strong recovery in the financial markets contin-ued after the announcement, which was closely in line with market forecasts.

The figures for average pay confirm the very moderate trend seen in November. Average hourly pay rose 0.2 per cent in the month, bringing the increase for the year to 3.4 per cent in money terms, which represents a fall of 0.8 per cent in real hourly pay during the

US EMPLOYMENT grew hy recent months. Both average working hours, at 34.7 hours for the whole private sector, and average overtime, et 3.9 hours, are unchanged since mid-year.

The last two months have sustained e trend evident throughout the year: the major growth has been in part-time employment for adult women. Women have secured two thirds of all the new jobs cre-ated in the US in 1988. The sted in the US in 1988. The strongest growth has been in distribution services and above all in health care. The health services have provided 500,000 new jobs in the year, nearly 6 quarter of the total 2.27m increase in employment shown in the survey of households. The one discouraging feature

of the figures in the persis-tence of high unemployment among youths and minorities. Teenage unemployment rose in December to uearly 15 per cent, and black unemployment, at 11.6 per cent, was above levels seen earlier in the year. These are groups involved in drog and crime problems pre-occupying the new Bush team.

resisting the real decline in

defence spending that Con-

gress has imposed over the

Hazeltine Corporation, e sub-

sidiary of Emerson Electric, pleaded guilty to charges of conspiring to defraud the gov-

ernmeut, illegally couverting government property and filing a false statement with the Pen-

past four years.

The trends in working bours also appear to confirm that there has been no increase in labour market pressures in

By Stewart Fleming in Washington

A MAJOR defence contractor

and two of its former execu-tives pleaded guilty to conspir-ing to defraud the Pentagon

yesterday in response to the first public charges filed as a result of the Pentagon procure-

Investigation of the Defence Department's multi-million dol-lar procurement systems

became public in June last

year when agents from the Federal Bureau of Investiga-

tion raided offices of a dozen

military contractors, consul-tants and Pentagon employees. The scandal has intensified

demands for reform of the Defence Department and fur-

ther undermined public confi-

dence in the Pentagon as vot-

ers' support for an arms build-up has waned in the past

The emerging procurement

ment scandal.

Guilty pleas filed in

Pentagon fraud case

Yugoslav talks begin The Yugoslav authorities yesterday began talks to choose a new government, following the resignation of Mr Branko Mikulic, the Prime Minister, over a week ago. Jndy Dempsey reports from Vienna.

The resignation took place after e stormy session of Parliament in which Mr Mikulic was sharply criticised for failing to improve the economy, curb inflation and introduce radical reforms. His successor will have to tackle similar

problems.
So far, the Yugoslav media
have hinted that Mr Borisav
Jovic, President of the Parliament in Serbia, could be a possible contender. However, they doubted that Mr Slobodan Milosevic, Serhia's populist and nationalist party leader, would be prepared to take on the job.

The company's former Washington based senior vice-president, Mr Joseph Colarusso, and Mr Charles Furciniti, its for-EC inquiry dropped An inquiry into allegations of unfair underpricing of mobile mer Washington marketing representative, pleaded guilty to conspiring to defraud the government and commit wire telephones imported into the European Community was yes-terday called off by the Brussels Commission, William Daw-

They face a maximum pen-alty of five years in prison and a fine of \$250,000 (£140,000). Mr Michael Savaides, a forkins reports from Brussels.
The UK offshoot of Motorols,
the American electronics com-pany, lodged dumping complaints just over a year ago against three Japanese export-ers of mobile telephones, two Canadian, and one Hong Kong mer marketing representative of a Teledyne electronic unit

company.

However, the Brussels authorities ruled Motorcla's interests were not being damaged on the grounds that it had been able to increase production, market share and imports.

Canada pact test

An important test of the new US-Canada free trade agreement is looming following a decision by the National Pork Producers Council, a US pig farmers' group, to ask the US Government to impose coun-tervailing duties on \$700m of Canadian pork imports, Stewart Fleming reports from Washington. In 1985, duties were imposed

A CONTRACTOR

in exe

ou Canadian plg imports because of production subsidies. Since then, Canadian producers have switched to exporting pork rather than pigs to the US and imports of pork products have risen by some 50 per cent.

The US international Trade Commission turned down demands in 1985 that counter. These 12 countries have

demands in 1985 that countervailing duties should also be imposed on pork imports, rul-ing that the industries were

separate, But farmers secured a provision in last year's US trade act permitting subsidies to producers to be viewed as a subsidy. to processors if a continuous line of production could be demonstrated.

Venezuela deficits

Venezuela recorded large deficits in its balance of payments and current account last year. as well as a negative foreign trade balance. Joe Mann reports from Caracas. The Central Bank of Venezuels announced that the country had e balance of payments deficit of \$4.39bu (£2.4bn) in 1988, compared with a gap of

\$876m in 1987.
For the first time in recent memory, Venezuela last year showed a deficit (\$515m) in its trade balance.

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### Soviet party agrees to mass rehabilitation of millions purged under Stalin regime

MASS REHABILITATION for millions of victims of the Stal-inist purges in the Soviet Union has been agreed by the Ceutral Committee of the Soviet Communist Party.

The move dramatically increases the scope of judicial rehabilitation granted now to the vast majority of those who were executed or banished to Siberia under the reign of terror of Joseph Stalin's dictator-ship in the 1930s, 1940s and early 1950s.

It goes well beyond the steady stream of individual rehabilitations of major political figures – including the leading Bolsheviks of the 1917 revolution like Nikolai Bukharin, Lev Kamenev and Grigory Zinoviev - which have been issued since Mr Mikhail Gorbachev came to power in

The move calls on the presid-

By Jim Bodgener in Ankara

TREMORS continued in

Turkish government yesterday from the shake-out between

senior bureaucrats and West-

ern-educated advisers to Mr

Turgut Ozal, the Prime Minister. For the present, Mr Ozal's

so called "princes" appear to be firmly in the ascendant.

Mopping-up in the Treasury involved no less than 55 trans-

fers of key personnel following the disclosure that its head, Mr

Yavuz Canevi, would take a

month's boliday and retire

mid-December by a row

yesterday in the small souk uext to Tripoli's "Greeu

Square" from where Col Muammer Gadafii has made

some of his more provocative

In the tangle of small streets

and cell-like shops, vendors were selling cheap clothes, bed-ouin rugs and housebold

goods. It was a typical North

African scene, marred only by cold winds and persistent driz-

Just 48 hours after US jets

downed two Libyan MiG-23s.

life in Libya and its capital had

returned more or less to nor-mal if the word normal can be

epplied to a country thet has

The struggle was joined in

Soviet, the country's top con-stitutional body, simply to annul all the decisions of the "troika" courts and "special sessions" introduced by Stalin to condemn millions of ordi-nary citizens for alleged espionage, sabotage, and other spurions offences against the

It amounts to a recognition of the impossibility of reconsid-ering all the cases individually officially put at hundreds of thousands, hut reliably estimated by historians of the period in millions.

The decision, whose endorsement is a foregone conclusion, comes at a key moment when many conservative figures in the ruling party had been arguing that the continuing exposure of Stalinist crimes in public was undermining morale.

By agreeing to rehabilitate

general manager of a large state bank. This led first to Mr

Semiler's and then Mr Erdem's

Mr Erdem had taken excep-

tion to a newspaper report linking him with fugitive busi-

nessman Mr Kemal Horzum,

an alleged swindler of \$80m from Mr Semiler's institution.

The row brought out into the

open mounting tension between the "mandarins" and

princes", not helped by the

Premier's recent retreat into a

benign, rule surrounded by his

There was little sign of the

mass exodus from the city.

about prospects of e US attack in the next few weeks on the

controversial "pharmaceutical factory" under construction near Tripoll, er on other tar-

close advisers and family.

IT WAS business as usual aggravation in the past two

Mikhail Gorbechev may be hoping at once to underline his commitment to atone for the crimes of the Stalin regime, while also preventing e steady stream of demands for rehabili-

stream of demands for renami-tation continuing for years.

The decision was described last night by Mr Roy Med-vedev, leading historian of the period and long-time political dissident, as "one more deci-sive step in the political course being followed by the govern-ment in the past two years, in the study of Stalin and Stalin-While no one was sure of the

numbers, he put it at "several millions". He said it put right the mistake of Mr Nikita Khrusbchev's first efforts to rehabilitete purge victims, which required relatives or friends of the victims to make personal pleas on their behalf.

resented their virtual exclusion

from economic policymaking orchestrated by Mr Yusuf Boz-kurt Ozal, the Premier's brother and State Minister for

the Economy. Mr Erdem mediated behind

the scenes in government between various interests, like farming lobbies and the bureaucracy. Without him, bureaucrats who had run afoul of the "princes" were exposed.

So far, opposition parties have limited themselves to calls for parliamentary investi-

producing toxic material for

use in chemical weapons. Libya denies the US claims.

Many failed to do so, and each case was still considered indi-vidually.

The decision excludes "those

guilty of high treason, those who were members of punitive expeditions" in the Second World War, "Nazi criminals, participants in nationalistic bands . . . as well as persons who committed murder and

It coudemus the "mass tt coudemus the "mass repressions and arbitrariness" of the period, saying it led to "tragic consequences for bundreds of thousands of Soviet people, and a deleterious effect on the social and economic development of the country, made contents for level others. made contempt for legal stan-dards and human life ingrained in minds. "Progress of Soviet society,

the cause of socialism, and the prestige of the party suffered serious damage."

Treasury, to which the former

is nominally subservieut, according to bankers. Both

institutions answer to Mr

The ambitious central bank

governor and leading "prince", Mr Rusdn Saracogin, has fought tooth-and-nail for more

autonomy and power for the

An Immediate cebinet

reshuffle in the wake of Mr Erdem's departure would pose

ruling Motherland Party's elec-toral image, already eroded by

Yusuf Bozkurt Ozal.



Peres: tough task

### Challenges face Israeli austerity

By Andrew Whitley in Jerusalem

DOMESTIC INTEREST rates in Israel plunged this week, and bundreds of millions of dollars poured back into the banks, following the introduction by Mr Shimou Peres, the Finance Minister, of an austerity pack-age designed to tackle some of the economy's long standing structural ailments.

A serious hurdle to the package's implementation was over-come late on Thursday night, when the cabinet agreed to slice 1.1bn shekels (£366m) about 2 per cent of planned expenditure – from next fiscal year's budget.

But several other challenges lie ahead for Mr Peres, each of which could require conces-

Attempts to introduce heavy registration fees for students, along with increases in user charges for the health system are likely to be fought tooth and nail by the professional

bodies concerned.

The Labour leader still needs to persuade the Histradut labour federation linked to his own party, to give up much of the cost-of-living adjustment to workers triggered ouce infla-tion passes e fixed threshhold. At a time of renewed rises in both prices and unemploy-ment, this is likely to prove a tricky task.

Nor has any decision been taken yet on how to implement the official goal of reducing the overall size of the public sector labour force hy some 3 per

Complicating Mr Peres's efforts, serious policy rifts are reported to have erupted between the new Finance Minister and senior officials at the Bank of Israel and in the Trea-sury. Professor Michael Bruno, the central bank governor, is said to be unhappy with the modest dimensions of the agreed budget cuts and with the minister's recourse to additional levies and taxes on the

#### scandal poses a serious chal-lenge to the incoming Bush pleaded guilty to conspiring to Administration, which is commit bribery. Hopes rise for agreement

on troop talks mandate

By Judy Demos THE WARSAW Pact and Nato, in a final push this weekend. bope to agree to a mandate for new talks on reducing conventional forces throughout

Agreement on this mandate would lead to conclusion of the present long-running all-European security talks in Vienna – the Conference on Security and Co-operation in Europe (CSCE). This

(CSCE). This conference, which includes the US, Canada, the Soviet Union and all of Europe except Albania, is due to finish between January 17 and 19. Agreement on the mandate for Conventional Stability

Talks (CST) has been held up following difficulties within Nato on agreeing what zone of Turkey should be excluded from any reductions in conven-tional forces.

It is understood that Greece has criticised a certain part of the Turkish exclusion zone. But Neto diplomats said that talks yesterday afternoon, which are likely to continue today, should "resolve the out-standing issues."

margins in the US, but its rivals such as Porsche, Merced-

es-Benz and BMW have had to

Apart from the CST man date, diplomats remain cautiously optimistic that Romania will not stand in the way and block e final docu-

Unexpectedly, Romanian dip-lomats, after volcing few con-cerns about clauses relating to human rights and other humanitarian issues to a Warsaw Pact meeting in Vienna on Wednesday evening, raised the following morning no fewer than 17 objections to the draft final document which had been drawn up by the 12 neutral and non-aligned countries.

refused to meet the objections on the grounds that it would mean re-negotiating the whole document. Their diplomats also add that Romania could have objected earlier.

Meanwhile, Mr Warren Zimmermann, the US ambassador

to the CSCE talks, said yester-day that be did not expect Romania to hold up the docu-ment. He described the draft agreement as "not only accept-able but excellent."

# Japanese steal the limelight at Detroit's luxury-car show

Toyota and Nissan are storming the last bastion of the world motor industry, Kevin Done reports that Toyota has targeted e new managed to hold down stock levels and kept up dealer profit

HE MOVERS and shakers of the US motor industry chose 1989 as the year thet Motown should it was the volume car makers. ers of the US motor industry chose 1989 as the year thet Motown should join the giamour and glitter of the international motor show circuit and demonstrate the industry's resurgent fortunes.

By taking the parochial annual Detroit car dealer show and turning it into the North American international Auto Show, Detroit is trying to hoist itself into the ranks of Geneva, Frankfurt, Tokyo and Paris as a major showcase for the industry's gleaming new

in the arena of downtown Cobo Hall, the US car makers are staging n glittering extravaganza. But it's the Japanese that have stolen the show. Motown 1989 is also the moment Toyota and Nissan have chosen to show the world they are capable of storming the last bastion of the world motor industry left uncon-quered by the Japanese – the rarefied market of high-perfor-

mance iuxury cars. Hitherto, this market bas been the exclusive club of European luxury car makers led by the West German trio, Daimler-Benz, BMW and Por-sche, and Jaguar of the UK, ers tilat had to meet the Japa-nese challenge head on while the European performance and luxury car makers continued to skim the cream off the world's single biggest luxury car market, the US.

Ear market, the US.

But now the old order is changing. For Tom Mignanelli, executive vice-president of Nissan Motor Corporation in the US, the significance of this week in Detroit is simple. "Every few decades e major business development occurs that sets a new direction for the industry. It marks a depar-ture from business as usual." This week Nissan and Toyota have taken the wraps off the cars supposed to demonstrate they have come of age in the world motor industry, and can challenge the very best.
Each company has spent several billion dollars to produce new flagship cars — for Nissan the Infiniti Q45, and the Lexus

LS 400 for Toyota.
Mr Bob McCurry, executive vice-president, Toyota Motor Sales US, says: To Eiji Toyoda (chairman of Toyota) it's e matter of pride, a statement

plateau to put us on e par with the finest European name-plates now dominating the high performance luxury seg-ment."

Evan before the Jepanese stepped into the arena this week, there had been warning signals that all was not well in the US hixnry car market for the European importers. The years when a strong US dollar made exporting to the US a one-way street to blossoming profits for the likes of Jaguar, Saab, Volvo, Porsche, BMW and Mercedes-Benz, bave

As the dollar plunged, the Europeans responded, not by redoubling efforts to improve productivity and absorb the sudden loss of dollar revenues, but by raising prices.

They came to believe affluent Americans would pay almost any price for the privilege of owning a European luxury car. As e result, in the last two years, their prices have soared, opening up a yawning gap between the \$20,000-\$30,000

demanded by the Europeans.
As the US euto industry enjoyed a fourth consecutive year of vehicle sales (cars and light trucks) in excess of 15m light trucks) in excess of 15m units, sales of luxury imported cars from Europe plunged. BMW sales fell by 16.5 per cent in 1988, Porsche sales in the US plunged by a third, and are now only half the 1986 peak of more than 30,000. Jaguar sales fell by 9.6 per cent while the company's profits have more than halved.

Jaguar, by holding back the charged by the US car makers for their top-of-the-range Cadil-lac and Lincoln luxury cars

Jaguar, by holding back the flow of cars to the US, has

### Toyota and Renault in talks

TOYOTA MOTOR, Japan's largest motor group, is in discussions with Renault of France about production of its Land Cruiser four-wheel-drive vehicle in Colombia.

The French state owned company has a joint venture with the Colombian Govern-

ment called Safasa, which produces cars. However, it apparently helleves there is

considerable sales potential

for e multi-purpose 4WD van, and so it has been sounding out Toyota and other van makers on the possibility of join-

ing Safasa.

A Toyote spokesman confirmed yesterday that "we are talking with Renault, as are others," However, he would not confirm press reports in Tokyo that this would be the first step toward the establish-ment of stronger relations

between Renault and Toyota, including a plan to produce Toyota vehicles in France. "There are no formal talks with Benault about production in the European Community," he said. "We are still looking at a number of possibilities."

Toyota directors have said in recent months that establishing a production base in the EC is now one of their highest priorities.

highest priorities.

resort to come of the most undignified sales ploys of the volume car makers - blatant discounting and dealer incentives - in order to move the metal. The status symbol Mercedes-Benz or BMW is now available from discount car brokers at prices far below official dealer list prices. Last year, Mercedes was trying to woo potential buyers to its dealer-ships with the offer of free

trips to Europe.

Many European importers Many European importers have gone through management shake-ups, with the dismissal of top executives from their US sales companies. At Porsche, the attention has switched from volume to restoring its battered image, as it settles for e sales forecast of only 15,600-15,700 cars this year. Mr Brian Bowler, the newly-installed president of Porsche Cars North America, says: "Talk of 60,000, 70,000, 90,000 or even 100,000 in sales in the US is no longer part of the vocabulary et this company".

Unwittingly, the Europeans have left a pricing vacuum in the middle of the US luxury car market into which the new-ly-created Japanese franchises of Infiniti (Nissan) and Lexus (Toyota) will now step.

They accept they cannot match overnight the intangible prestige of the European marques, but they will bring an entirely new meaning to the concept of value for money in the luxury car market. the luxury car market.

Mr Jim Perkins, manager of Toyota's Lexus division, says currency movements and the

Europeans' pricing policy mean there is now "an oppor-tunity that didn't exist even a year ago in the mid-priced lux-ury market.

The Japanese push into the The Japanese push into the luxury market has been encouraged by more fundamental factors, most importantly, the growth they expect to come in the overall luxury car market as the baby-boom bulge in the population moves upwards into their prime earning years.

ing years. ing years.
Jepanese car makers bope
many "baby boomers" who
bought smaller Nissans, Toyotas and Hondas will now buy their luxury models as they reach affluent middle age.

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#### sations, apparently waiting for the dust to settle. Friction had increesed According to officials and bankers, both Mr Erdem and between Mr Kaya Erdem, the high inflation, in the run-up to Deputy Premier, and one of the "princes", Mr Bulent Semiler, steadily throughout 1988 between the central bank and local elections in March, said Turkish commentators. Mr Canevl had bitterly Libyan capital gets down to business again

Ozal advisers winning government row

Libya's stete-controlled media continues to assail the US, but there have been no tension, and even panic, that had been reported on Wednesday. Traffic on Tripoli's rainreported mass demonstrations, slicked streets appears to have returned to its usual pace and apart from e sit-in protest at the site of the plant south-west of the capital. there was no evidence of a Most residents appear to discount the possibility of an imminent US air strike.

But they remain uneasy Western officials in Tripoli believe that Libya is anxious to avoid further conflict with the

US and that it hopes a compro-mise can be struck that would lessen tensions in the Mediter-

ranean. Behind Libya's bravado is e realisation that it is virtually powerless to stop the US destroying the pharmaceutical Washington has charged destroying the pharmaceutical that the plant is capable of installation if it chooses to do

Libyan security personnel have been placed on a general alert, and some reservists have reportedly been recalled to barracks to prepare for a possible US attack. Air defences have also been strengthened around Colonel Gadaffi's heavily forti-fied barracks in e Tripoli sub-

US jets bombed the barracks in 1986 in an attempt to eliminate the Libyan leader. The front of the Gadaffi family residence was blasted away and an adopted daughter was reported killed. Col Gadaffi, who was said to be in his Bedouin tent in the grounds of the barracks at the time of the nttack, escaped injury.

#### OVERSEAS NEWS

### Japan gets used to the pleasure of spending money

Domestic demand will keep the country at the top of the GNP growth table, writes Patti Waldmeir

Lucky bags: only moneybags need apply

which the Japanese discovered that wealth is more than just a state of mind, 1989 looks like settling the country once and for all into the habit of anending money. And of spending money. And though Japan's consumers and corporations may end up being less liberal with the chequebook this year than last, the strength of domestic demand should still ensure Japan a premier place in the league of developed economies in terms of gross national product

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growth.

That is the consensus emerging from a cascade of economic forecasts issued by brokers and private research institutions for the fiscal year beginning in

April.

If the forecasters end up being anything like correct and they seem to have turned in a more creditable performance over last year's figures than some of their Western counterparts — then Japan should manage economic growth of 4 to 5 per cent in the upcoming fiscal year, com-pared with 5 per cent or so in fiscal 1988.

Furthermore, although the Bank of Japan has recently expressed concern about the inflationary pressures exerted by continuing high levels of domestic demand, most private forecasters believe the grounds for anxiety are limited.

"It is the Bank of Japan's job to raise the warning flag over inflation well ahead of anyone else, says Mr Adrian Tschoegi, Japanese economist at SBCI Securities in Tokyo. Few private forecasters believe inflation will top 2 per cent in fiscal 1989; for its part, the prestigious Nomura Research Institute predicts a consumer price increase of only 12 per cent, up from 0.7 per cent in 1988, a prediction which includes the impact of tax changes which on their own could add as much as 1 per cent to the index.

"Obviously the pressures are there for inflation in 1989," brokers UBS-Phillips & Drew. He believes wages growth will begin to accelerate this year as the labour market tightens fur-

Coming at a time when pro-

ductivity growth is beginning to slow, this will reverse a three year decline in unit labour costs. But though unit costs may rise as much as 2 per cent in 1989, competition from cheap imports will dissuade companies from passing the full cost on to consumers. Corporate profit margins are likely to suffer more than conoverall, any rise in output costs should be offset by further appreciation of the yen

By lan Rodger in Tokyo

"IT IS a time of great richness," sighed the spokesman for Mitsukoshi,

the leading Japanese retail

Japanese retailers, put its lucky bags on display. Lucky bags are a traditional

Japanese New Year treat, aimed at luring people back into the shops. Typically, the bags, which are sealed, cost about Y5,000 (£22) and contain

bits of jewellery, clothing and

Mitsukoshi offers that kind

of bag, too, and on Wednesday

and continuing weak oil prices. But if the forecasters seem to

speak with one voice in pre-dicting an ideal of continuing

strong non-inflationary growth, they are less unani-mous in estimating the future level of Japan's external bal-ances. Some believe the trade

surplus will rise in fiscal 1989; some say it will fall; others think it will do nothing much The Bank of Japan is the

voice of optimism in this case: "It is reasonable to expect the

trade and current account sur-pluses to be squeezed in 1989,

says Mr Akira Nambara, director of research at the central bank. But he stresses that all

will depend on the level of economic growth worldwide. If the world economy fails to slow as expected, then demand for Jap-

nicknacks to a value usually slightly in excess of the

payment made.

emporium. Indeed. On Wednesday,

Mitsukoshi, like most

strong to allow much improvement in the trade balance.

NRI echoes this limited and conditional optimism, predict-ing a small absolute decline in Japan's trade surplus from an expected \$94bn to fiscal 1988 to \$91bn in 1989. But Mr Hirohiko Okumura, NRI's chief economist, stresses that this repre-sents an important decline in

alone sold more than 300. However, to the past two years it has also decided to cater for its more affluent customers

(and win some free publicity

to the process).

It puts together a small number of extremely

expensive lucky bags and displays the contents to the

show windows of its main store in Nihonbashi, Tokyo.

a Y210m (£930,000) bag filled with jewels. This year, bags of jewellery, priced at Y300m, Y100m and Y30m and several

at Yim and Y500,000, are on

display. Mitsukoshi insists that it

is maintaining the tradition

st year, the top item was

anese exports will remain too strong yen to a forecast 2.2 per The broking community in Tokyo seems to take a less sanguine view of the situation. The decline in Japan's trade surplus evident earlier last year had already begun to reverse by mid-year, and most recent monthly figures have shown a year-on-year increase which some expect to continue through fiscal 1989.

that the value of the goods

should exceed the sum paid

Y500.000 bags.

and the customers apparently agree. The Y30m bag, containing a diamond necklace and a watch, has already sold as have several Y1m and

As for this year's top item,

a bag containing a 1937 Picasso oil painting, "Maria

a Flower Hat", there could

be a problem. Despite the price, Y500m (£2.2m), Mitsukoshi has alreedy had

20 inquiries and the store

customer for it. Mitsukoshi thinks the

fears it will have to select a

Theresa", and a 1914 Renoir painting, "A Woman Wearing

\$107bn trade surplus for calendar 1989, up from \$965n last year. He argues that import growth should slow from aggressively high 1988 levels, as a result of lower domestic economic growth and continu-ing weak commodity and oil prices. Meanwhile, a strong world economy in the first half of the year should ensure firm growth in Japanese export volrelative terms, with the surphus falling from S per cent of GNP before the days of the says Mr Pike of Phillips & exports of capital goods by Jap-

> popularity of its bags reflects an improvement in Japanese consumers' tastes. People are

now interested in Renoirs,

man said.

Picassos and beautiful jewellery rather than just the latest electronic gadget, the

It also reflects the fact that

many of them are extremely rich. "People's consumption power is much stronger than

we expected," he agreed. He recalled the old Japane

adage according to which everyone should have one gorgeous item to his life – an

expensive handbag, a special

brooch or even a car. "Now,

everyone wants total gorgeousness," he said.

production facilities overseas.

Even if demand turns down later in the year, Mr Pike predicts that exporters will finally begin passing on the impact of the higher yen in the form of increased export prices. The overall effect would be a worsening in the trade balance.

whether this will prove a temporary phenomenon – and indeed, whether it will happen at all – is anybody's guess. But unless the trade gap is seen to be narrowing, Tokyo could be in for more angry complaints from its trading partners.

What precisely this would achieve is difficult to assess, however. Calls for further demand stimulation would surely fall foul of Japanese worries about inflation. The best the West could probably hope for would be further market deregulation, perhaps in the sectors of agriculture and distribution.

In the longer term - once Japanese companies stop fur-nishing their factories abroad and actually begin importing large quantities of the finished goods those factories produce it is difficult to see the external surpluses continuing to climb. But whether the longer term will begin in 1990, 1991, or beyond is a moot point; the level of the surpluses has

### Soviet talks with Mujahideen fail to end stalemate

THE SECOND round of peace talks between Soviet officials and Afghan resistance leaders has ended in deadlock, both aides agreeing only to meet

again. Prof Mojadiddi, who headed the resistance delegation, said the main stumbling block was Moscow's insistence on a future role for members of the present Soviet-backed regime

Mr Yuli Vorontsov, the chief Soviet negotiator and deputy foreign minister, arrived in Islamabad on Wednesday for the latest talks.

The Soviets confirmed their promise to withdraw their remaining 50,000 troops from Alghanistan by February 15. Western diplomats say preparations have already begun. Mr Vorontsov repeated the Soviet demand for a ceasefire but this was again rejected by the rebels, who said it was impossible while the Kabul regime was still in place, though they offered not to attack Soviet troops as they

Both sides admitted that no progress had been made since the first round of talks in

Saudi Arabia last month. Mr Vorontsov's subtle diplomacy since then, involving meetings with the former Afghan King in Rome and Iranian-based Mujahideen, seems to have exacerbated differences within the resistance alliance.

While both Moscow and the rebels realise the need for some form of consultative council to act as an interim government, they cannot agree on its composition.

It has not yet been decided when or where the next meet-ing will be held but the venue is thought unlikely to be either Pakistan or Mr Vorontsov's suggestion of Moscow. With less than six weeks left to com-pletion of the withdrawal and neither side willing to compromise, a peaceful solution to the nine-year conflict still seems far from certain.

Pakistan and the rebels' US backers are reported to have lost patience with the alliance and are concentrating on the field commanders, particularly Ahmat Shah Massoud in the north, who they believed have proved themselves better organised and more represen-

# THE CASE FOR THE MERGER WITH AMP IS CONSIDERED,

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JAPANESE ECONOMIC OUTLOOK Fiscal '87 789\* 4.6 Private final consumption (%)
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Private investment in new plant industrial production (%). 5.8 7.9

### Punjab Sikhs strike in protest at executions

By K.K. Sharma in New Delhi

THERE WAS a general strike in Punjab yesterday in protest at the execution of the assassin of Prime Minister Indira Gandhi, and his co-conspirator. The strike call by all factions of the Akali Dai, the Sikhs' political party, reflected wide-spread resentment among the Sikh community all over India.

Shops, offices and educational institutions remained closed for the day. Most buses were withdrawn by the author-ities who expected violence to retaliation for the executions.

Heavy patrolling and other intense security measures at airports, railway stations and strategic installations prevented trouble, but this could still come in the next few days.

Mrs Gandhi was murdered by two of her security guards, Satwant Singh and Beant Singh, at her official residence on October 31, 1984, to revenge for the Indian Army's assault earlier in the year on the Golden Temple at Amritsar, the Sikhs' holiest shrine.

A prolonged trial ended a few weeks ago with the Supreme Court confirming the

death sentence on Satwant Singh and his co-conspirator, Kehar Singh (the second assassin was shot dead immediately after the assassination). Emotions to the Sikh com

munity have been aroused in the past few weeks as lawyers attempted to win a reprieve for at least Kehar Singh since many believe the evidence against him to be inconclusive. Most Sikhs believe the Government lost an opportunity to heal the wounds inflicted on their religious community by failing to commute the death

It is widely felt that such a gesture would have been responded to even by the extremists who have launched a terror campaign to win a sep arate Sikh homeland.

Anger among the Sikhs has increased because of the deci-sion of the Government not to hand over the ashes of the exe hand over the ashes of the exe-cuted men to their families after the bodies were cremated in jail after the hanging.

The relatives then success-fully obtained a court order directing the authorities to pre-serve the ashes.

### Manila to resume talks with IMF on new money

By Richard Gourlay in Manila

THE PHILIPPINES will resume negotiations later this month with the International Monewith the international Mone-tary Fund on a crucial new money facility following the collapse of talks last month, according to Mr Jose Fernan-dez, the central bank governor. He told businessmen on Thursday that a successful conclusion to these talks would conclusion to these talks would allow a negotiated deferral of principal payments to the Paris Club of official creditors and a resumption of talks with the commercial banks for new money, Officials say the IMF facility could be worth \$900m. over three years and they are looking for about \$1.6bn from the commercial banks.
Mr Fernandez said these

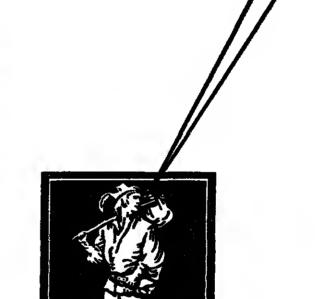
talks would contribute \$6bn

over two years to finance the gap between foreign exchange receipts and principal and interest payments on the coun-try's \$28.9bn of international

Talks with the commercial banks broke down last last pear over the amount Manila was requesting. Subsequently, negotiations with the IMF were deferred in December after the Fund questioned Philippine government spending plans and its gross targets.

Troops backed by tanks and armorad personnel carriers

and armored personnel carriers yesterday stormed a military garrison in Zamboanga City after renegade Moslem police-men killed a general they were holding hostage, Reuter reports.



### **Biggest building** societies raise home loan prices

By Richard Waters

HIGHER mortgage rates bit yesterday as a wave of leading banks and building societies announced widely expected

The changes are the latest in a series of mortgage rate rises which mean considerably higher monthly payments for all homeowners. Most now face interest rates of 13.5 to 13.75 per cent, compared with a rate of less than 10 per cent only eight months ago. Halifax and Abbey National,

the two largest lenders, led the rise early yesterday with announcements that they were increasing their standard mort-gage rates from 12.75 to 13.5

Halifax's rate takes effect from February 1 and Abbey's from January 16. However, around 70 per cent of Halifax's 1.6m borrowers, will not have to pay the higher rate until April. These are people whose payments are only adjusted once a year, and who will now see the rate on their loans increase from 10.3 per cent to 13.5 per cent at one stroke.

Later in the day Midland said its rate had gone np to 13.75, from 13.2 per cent. That brings it level with rates already announced by Barclays and NatWest.

Lloyds Bank later broke ranks with the other leading banks by announcing a new mortgage rate of 13.5 per cent. "Our aim is to be very competitive with other banks and building societies," said a

spokeswoman.

The mortgage rates of the banks are not less competitive than societies, as suggested by the difference in their quoted mortgage rates. A more accurate comparison is provided by the lenders' respective APRs (annual percentage ratee), which take into account fees and the timing of capital repayments and so produce a better ments and so produce a better

ments and so produce a better basis for comparison.
Lloyds' APR, at 14.5 per cent, is the same as that of Barclays, while Midland is at 14.6 per cent and NatWest 14.8. Halifax and Abbey, on the other hand, both have APRs of 14.7 per cent. cent. The rate rises were made necessary by recent base rate increases, imposed by Mr Nigel Laweon, the Chancellor, to restrain spending and curb overheating in the economy.
High rates have dampened

the housing market, in part helping to create greater com-petition between lenders for new mortgage business and so holding down the size of the latest mortgage rate rises.

### National curriculum 'winning support'

PLANS for a national curriculum, which received a cool reception when first announced are now gaining more support, the Education Secretary said yesterday.

Mr Kenneth Baker told education officers at the North of

cation officers at the North of England Conference in the Isle of Man that when he first outlined his plans to them two years ago, the reception was fairly frosty.

Today the mood has pro-

foundly changed. Successive reports on the national curriculum have appeared and been recognised as solid pieces of professional work."

Mr Baker said the greater freedom for schools to manage their own affairs and the successful introduction of GCSE examinations made him believe the national curriculum would flourish.

On primary schoole, Mr Baker said: "The national curriculum will provide primary

THE UNITED Kingdom's oldest daily newspaper, the Belfast based News Letter, is

Management of the paper, which celebrated its 250th

anniversary last year, confirmed to staff yesterday

that talks were at an advanced stage with a British-based

newspaper group.

It is believed the potential

By Raymond Snoddy

likely to be sold.

cise objectives. It will help them to teach in a co-ordinated way across the curriculum;

and to monitor their own suc-cess in achieving their aims." The national curriculum would also ensure continuity for both teachers and pupils, and would give weaker schools a chance to catch up or even challenge the best schools. At secondary level, Mr Baker said the requirement for all 10

foundation subjects to be studled would be a dramatic change for most pupils. Children would be stretched and teachers would be helped by attainment targets. Mr Baker also said more had to be done to improve teacher training. Although he stood by

an earlier statement that the cost of the national curriculum could be met by redirecting resources, Mr Baker said the Government would provide grants to snpport £550m of spending over three years to back the reforms.

Thomson may buy Belfast newspaper

purchaser is Thomson Regional Newspapers, which

owns Northern Ireland's evening paper, The Belfast Telegraph, and the recently

launched Sunday Life.
Both sides were refusing to
comment last night although it
is expected that a sale, which
would also include the Sunday

News, might be announced by

the middle of next week.



Lord Chalfont: critical of bias in broadcasting

#### Chalfont to be deputy IBA head

By Raymond Snoddy

LORD CHALFONT, a former Labour junior foreign minister and chairman of VSEL Consortium, manufacturers of the Trident submarine, is to become deputy chairman of the Inde-pendent Broadcasting Author-

Lord Chalfont, 69, will become a member of the authority at the beginning of next month and will then take over the deputy chairmanship from Sir Donald Maitland, who leaves in the spring to become chairman of the Health Educa-

tion Authority.
The intention is that Lord Chalfont, who has been chair-man of the All Party Defence Group in the House of Lords since 1980, should also assume the deputy chairmanship of the Independent Television Commission, the body dne to replace the IBA.

Lord Chalfont, a cross-bench

life peer, has in recent years been identified with hard-line views on defence and with criticism of Britain's broadcasters

for alleged left-wing blas. He sponsored the creation of a Media Monitoring Unit in 1986 which reviewed leading current affairs programmes and declared that in a sixmonth period more than 150 programmes were biased.
"The main problem [of bias]

has been with the BBC rather than with independent televi-sion," Lord Chalfont said. In April in a Lords debate he urged Mr Douglas Hurd, the Home Secretary, to act against the BBC for alleged anti-Ameri-canism in the play Airbase. Lord Chalfont said yesterday he would be particularly interested in programme quality and objectivity of news and current affairs. He also approves of the Government's white paper on broadcasting

detailed regulation.

The position is part-time and carries a salary of £9,605.

The staunchly pro-Unionist paper, which has a circulation of 40,000, has been owned by

the family of the current

chairman, Captain Bill Henderson, for nearly 200 years

A sale of the News Letter to the Thomson group would almost certainly have to be

looked at by the Monopolies

and Mergers Commission.

and is profitable.

### Fewer British-built cars sold in UK

By John Griffiths

FEWER BRITISH-BUILT cars were sold in the UK last year than in 1987, although total new car sales rose by 10.03 per cent, to 2.216m, a record for the fourth consecutive year.

UK made car sales fell by 0.8 drop in market share to 43.6 per cent, from 48.32 per cent in 1987, Society of Motor Manufac-turers and Traders statistics

However, increased market penetration by imports - a concern to the Government as the UK balance of trade deteriorated last year — was mainly due to so-called captive imports by Ford and Vauxhall, both of which expect to sell a higher proportion of UK-built cars this year.

Mr Simon Foster, society director, said: "Significantly, the chare of independent importers remains virtually the same, at around 36 per

Ford sold 71,574 more imported cars last year than in 1987, which more than compen-sated for the 65,000 cars it lost as a result of a two-week strike at its UK plants at the year's start. They cut the share of Ford's sales taken by UK-built cars to shout 57 per cent, from

**UK CAR REGISTRATIONS** Year to date % 1987 100 00 2013893 100.00 46.24 53.76 Total market 2215574 43.50 56.40 972968 48.32 51.68 UK produced Imports 26.35 580119 15.01 13.70 301811 270778 8.74 5.86 6.08 3.86 3.63 3.73 147278 116188 114243 78894 70880 73316 7.32 7.35 4.35 5.48 2.71 4.47 4.61 6260 2623 6371 2292 4116 3556 6.86 3.09 6.98 2.51 4.51 193755 Paugeot/Citroen Audi/VW/Seat 130240 85592 80427

70 per cent in 1987. However, Mr Derek Barron, Ford of Britain chairman, says Ford aims to source at least 75 per cent of its sales from UK

plants this year. Vauxhall imported 32,689 more cars but also expects to source more of its UK sales from British plants as production of the new Cavaller rises. The larger market than expected left several makers and importers claiming

and unit sales rise slightly. Vauxball had its highest ever sales, breaking through the 300,000 sales threshold for the second time in its history.

The year marked an apparent end to the long slide in

Rover Group's market share, the company finishing marginally above the 15 per cent mark again, having slipped to 14.99 per cent the year previously. Among traditional import-ers, Flat reached a record volrecords, but market leader records aw its share fall to 26.35 per cent, from 28.81 per cent, over 72,000 units 10 years ago.

Citroen achieved its target of a 3 per cent market share, lift-ing the Peugeot group's total share of the UK market closer to nearly 9 per cent. A record 126,825 Peugeots were sold in the UK, about 42 per cent made

The year's top 10 best-sellers were: Ford Escort, 172,706; Ford Sierra 162,684; Ford Fiesta 144,991; Anstin/MG Metro 116,811; Vauxhall Astra 96,086; Vauxhall Cavalier 96,462; Ford Orion 67,713; Anstin/MG Montego 63,649; Rover 200, 58,890; Vauxhall Nova 56,937.

### Jaguar and Rover move on US market

By Kevin Done, Motor Industry Correspondent, in Detroit

JAGUAR, the UK luxury car maker whose profits have been battered by falling revennes from its all-important US sales, plans a modest price increase in the US market, its first since

At the same time, Rover Group plans to re-launch its troubled, top-of-the-range Sterling car in the US, sales of which have plunged by 37.7 per cent in the past 12 months. Jaguar sales in the US mar-ket, which accounts for more

than 40 per cent of its annual sales volume, fell by 9.6 per cent in 1968 to 20,727 cars, the

second enccessive drop from the peak of 24,464 cars in 1986. Jaguar has fared better than most of its rivals in the US market for imported European juxury cars, but the generally weak market has made it impossible to raise prices for the past 16 months in spite of the company's need to increase revenues to compensate for the fall in the dollar's exchange

Jaguar believes the market is showing signs of strengthenmodest \$500-\$1,000 a car, less than 2 per cent, from February

That will push the price of its XJ6 saloon to \$44,000 (\$24,719) and its XJ-S convertible to \$57,000. Jaguar said its order books had strengthened during the

past four months. It forecast an increase of 10-11 per cent in US sales in 1989 to about 23,000

Anstin Rover, the cars sub-sidiary of Rover Groop, has suffered a desperate year in the increasingly fierce competition of the US luxury car market. Its sales of the Sterling in 1988 fell by 37.7 per cent to

8,822 from 14,171 in the first 11 months of 1987. The car was launched in February 1987. In December alone, a strong sales month in the US car market, its sales plunged by 58 per cent to only 382 cars from 911 in the same month a year ago. Last year Rover was forced to take over 100 per cent con-trol of its previously minority-owned importer, Austin Rover Cars of North America. Its chief executive was dismissed. The company has also

changed advertising agencies again and is preparing to re-launch its Sterling range.

### Assets of 40 pension schemes top £1bn

8.92

6.24

5.76

4.81

3.66 2.13

1.78

1.40

By Eric Short, Pensions Correspondent

NEARLY 40 occupational pensions market. pension schemes have assets in excess of fibn, according to tables published in the 1989 Year Book of the National Association of Pension Funds. Of those, 14 are in the public sector, headed by British Coal with a value of \$8.96bn and the Electricity Council with a value of £6.24bn.

The largest scheme in the private sector is British Telecom, which is worth £8.2bn. dwarfing the second-largest scheme, Barclays Bank, which has a value of £4.56hn. The figures were collated by the association from its mem-

British Coal The Electricity Council British Railways Board

Strathclyde Regional Council

Water Authorities Greater Manchester Authority

West Midlands Metropolitan

The Post Office

BBC

LEADING PUBLIC SECTOR SCHEMES

bers, which account for about 70 per cent of the occupational

The total assets of all mem-ber schemes amounted to approximately £180bn, indicatseen the size of company pen-sion schemes grow extremely rapidly so that in some cases ing that the combined assets of the value of the pension fund is now greater than the market capitalisation of the parent all pension schemes are about Statistics issued this week

by the WM Company, which is the UK's leading pension sor, showed that more than half the assets of UK self-administered pension schemes were held in UK equities and a further 18 per cent in overseas equities.

UK bonds accounted for 11 psr cent and direct property investment another 8 per

	Such a strustion could street
	where the parent company has
	undergone a policy of retrench-
٠	ment or where the scheme has
	reached maturity.
	In the table it is seen that
	the value of the British Air-

ways' pension scheme is \$2.7bn, compared with the cur-The pension schemes of

rent market capitalisation of £1\_12bn\_

The past two decades have Bank both have a value about the same as that of the perent company capitalisation. In all three cases, that reflects the maturity of the pension scheme. The off-quoted case of a pen-

on scheme exceeding the capitalisation of the parent com-pany is Lucas Industries, where a combination of both factors - retrenchment and maturity - are behind the scheme value of £1.7bn against a market capitalisation of

Year Book 1989. National Association of Pension Funds, 12-18 Grosvenor Gardens, Lon-don SW1W 0DH, price £25 Lloyds Bank and Barclays (members), £38 (non-members).

LEADING PRIVATE SECTOR SCHEMES						
Company	Value	Market Cap Ebn				
87	8.21	15.70				
Barclays Bank	4.56	4.56				
Universities Superannuation	3.80	_				
British Gas	3.80	6.70				
ICI	3.57	7.12				
National Westminster Bank	3.42	4.03				
Shell	3.37	. 11.02				
BP	3.22	15.27				
Lloyds Bank	2.80	2.62				
British Airways	2.70	1.12				
	Samuel MAPF - p	meter superior relices				

### Drama unfolds over London's theatreland

Clare Pearson lifts the curtains as admirers tread boards over Maybox

A DRAMA over the own-ership of Maybox, the second-biggest theatre company in London's West End, has been drawing an unusual amount of attention to the people who control this prized corner of the entertainments industry. The saga is more riveting in its complications than many a

show being staged. It opened the possibility that Maybox, a private company controlling six theatres, might pass to ownership by Stoll Moss Group, a subsidiary of Heytes-bury, the private vehicle company of Australian entrepre-nenr Mr Robert Holmes à Court. That would have left Mr

Holmes à Court with 18 thea-tres stretching from the Palla-dium to the Royalty, dwarfing the next biggest companies, which speak for a mere two each. However, Maybox now seems likely to pass instead to one of those, Chesterfield Prop-

Aside from Stoll Moss and Maybox, thestreland is divided between a host of small owners: impresarios such as Mr Jimmy Nederlander and Mr Michael Codron; entertainment companies such as the Really Useful Group and First Leisure Corporation; a number of trusts; and The Theatres' Trust, set up by Act of Parlia-ment as the regulatory body for the country's theatres.

The Maybox manage-ment initiated the bidding for the company with a buy-out proposal last November. It is now recommending that shareholders accept a £7m

Maybox TStoll Mos	s A Chesterfield	Properties 121 F	irst Leisure 🥥 Jai	
		1		Theatre
	1			1
Palladium	1		Donmar	x
1		Phoenix /	Warehouse :	1
	Prince			· Royal
	· Edward			* × 1
		Cambi	doe 1	W
·	Queens			
	Globe 4	1	Druty Lane	War.
Property P	polio-			Aldwy
Piccadilly		AT AT	pery Duches	
	Lync	Wyndh		
	Prince	Labitonia	Adeich	
	of Water		Ord	
		Garrick Colls	ALDER TO THE REAL PROPERTY.	
Criterion	Comedy			
	Her			
	Majesty's		3	All Marie
	Majory, S		Victoria Palace	
	1	Whitel	ali)	

offer from Chesterfield Propertles, the property group. The offer closes on January 16. Maybox has used as an argumaybox has used as an argu-ment against Stoll Moss's higher \$8.6m offer the potential problems with the Monopolies and Mergers Commission that the creation of such an empire might pose. Stoll Moss, however, has made clear that it would take any measures required to avoid the risk of referral to the Monopolies Commission.

But because Chesterfield has irrevocable undertakings to accept from holders of about 78 per cent of the shares, and

acceptances covering 60.7 per cent, Chesterfield's offer now seems all but a fait accompli. seems all but a fait accompli.

Stoll Moes, whose offer remains open until January 20, is still hoping that the Chesterfield bid, which cannot go ahead unless Maybox shareholders approve a change in the articles of association at a meeting on January 16, can be thwarted.

To the outsider, a takeover by Chesterfield might eeem risky: however undesirable it might seem that theatreland should be dominated by one proprietor, it might be worse

proprietor, it might be worse that so big a chunk should fall

to a company of which the pri-mary activity is property investment and development. In fact, the scope for exploitin fact, the scope for exploiting the non-theatrical possibilities of the sites is limited. By law, the purpose of a theatre cannot be changed: the now reopened Playbouse on the Embankment, for example, could not be altered in its long interlude on a REC. interlude as a BBC recording studio. Because most theatres are listed buildings, even façades cannot be changed. Nor does there need to be a cynical motivation behind

Chesterfield's wish to build its

theatre interests from two to

sector of the fast-growing British leisure industry.

Apart from a glitch when tourism fell off in 1986, Society of West End Theatre figures show attendance at plays rising strongly since the recession at the decade's start. Gross box-office revenoe reached 284m in 1984; by 1987 it rose to £180m, with nearly 11m. rose to £130m, with nearly 11m paid attendancies.

eight. For this is a flourishing sector of the fast-growing Brit-

That said, Maybox's deal with Chesterfield has provoked concern. It is likely to leave Mr Bill Freedman and Mr Stephen Waley-Cohen, joint chief executives, firmly in the driving seat. In the view of some, May-box could benefit from an injection of new blood. Its financial record has been less than inspiring in recent years. Last year it returned an after-tax loss of £24,000 on ordi-

nary ectivities, in spite of the favourable market background. Further, the company has won few accolades for artistic endeavour. With The Secret of Sherlock Holmes playing at Wyndhams, and Run for Your wife at the Criterion, Maybox'e theatres do not stand out at the frontiers of dramatic experimentation.

From an historical viewpoint sale of Maybox would take it further agree from its account.

further away from its august links with Britain's theatrical inhs with Britain's theatrical beritage. Before passing to Associated Newspapers, from which the management bought it 1984, Maybox's theatres were owned by the Alberys, the theatrical family. A scion, producer Mr Ian Albery, was in the team that bought Maybox in 1984, but out his connection. in 1984, but cut his connection.

### BA seeks 10% cost cut to remain competitive

By Michael Donne, Aerospace Correspondent BRITISH Airways is to

undertake a 10 per cent cost-cutting programme during 1989 to ensure that it remains competitive in the increasingly tough world market-place. Sir Colin Marshall, chief executive, says in the latest issue of the airline's staff news-

paper: "We must do better than our competitors, in terms of service and cost control. We simply must reduce our over-heads in 1989. I have told all managers to cut their planned spending for this year by 10 spending for this year by 10 per cent against last year's levels, even though we expect to be much busier.

"That will undonbtedly mean fewer people in some areas, not so much overtime available, less to spend on the fells.

"But it'a got to be done if we are to earn our freedom to compete and to buy the new sircraft and equipment we will need to stay ahead.

Sir Colin says that "the American mega-carriers will be looking for more opportunities in Europe and the Far Eastern airlines are keen to develop their services into the UK.

"I believe the standard of service that has become our hellmark is supported all of the control o

"However, most of these rivals are leaner than us. They have a lower cost basis. They can operate more cheaply than we can — and that provides them with greater freedom in offering lower fares. And we all know what impact that can have in any marketplace."

hallmark is superior to all of

### Air security levy urged

By Michael Donne

A ONE-DOLLAR levy on every air passenger to finance increased security was proposed yesterday by an air travellers' organisation.

Mr Geoffrey H. Lipman, specified reference of the letter.

executive director of the Inter-national Foundation of Airline Passengers' Associations (fizpa), said his group would be discussing the plan with the International Air Transport Association and individual governments following the disaster at Lockerbie.

"Fundamentally, we are not in favour of making passengers pay for increased security. But Lockerbie was such an exceptional case, and governments are now dealing with high-tech "Unless passengers press for

"Unless passengers press for action to be taken now, we can expect to see Lockerbie repeated again and again around the world", he said.

Mr Lipman said the Ifapa scheme could be administered by the International Civil Aviation Organisation (ICAO), and could raise enough money, about \$1hm (£562m), over the next 18 months to fund an international Aviation Security International Aviation Security Fund, providing research into high-tech detection systems and better security at airports.

#### **Blue Circle** expected to raise price of cement

By Andrew Taylor, Construction Correspondent

RLUE CIRCLE, Britain's

BLUE CIRCLE, Britain's largest coment manufacturer, is expected on Monday to announce its second price increase in six months.

The move will be watched closely by Britain's two cement manufacturers, Rugby Portland and Castle Coment, which also increased their mices last summer.

which also increased their prices last summer.

The latest rize to be announced by Blue Circle is unlikely to take effect immediately, but will be introduced later this year, probably in the spring. Blue Circle last raised its prices, by 6 per cent, on Angust 1 last year.

British Cement manufacturers have only been able to compete with each other on price since February, 1987, when the cement industry's 50-year-old common pricing

when the cement industry's 50-year-old common pricing agreement was ended. Preylonsly, companies were required to charge the same basic price for cement.

Cement companies, since the ending of the common pricing agreement, have generally followed each other when prices have been increased, although an attempt by Rive Circle to raise prices in 1987 foundered after Rugby and Castle failed to follow suit.

to follow suit.
The manufacturers say price rises have been necessary to counter rising costs of electric-ity, raw materials and labour and to recover some of the profitability lost by companies during the first half of the

Companies say profit mar-gins suffered during the 1980s, when cement prices between January, 1982, and last year rose only once, by 4.5 per cent in 1985. The aharp rise in British

construction output during the past two years has increased demand for cement and allowed manufacturers to

increase their prices.

Cement companies, in order to meet demand last year. were required to import cement from other European countries, including Spain. Previously, British manufac-turers had complained about attempts by some continental competitors to break into the British market by naing cutprice imports.

The three British companies supply more than 95 per cent of all cement sold in the UK. Last year, however, Custle Cement, was acquired from Rio Tinto Zinc by Scancem, a

2.0

ture. Profitability of British cemant manufacturars has improved during the last few years, as a result of increase demand, a return to higher. prices, investment in new plant and a rationalisation that has taken place within the industry and has continued since the ending of the common pricing agreement.

### **Davenports** brewery to close

By Lisa Wood GREENALL Whitley, Britain's largest regional brewer, is closing its Davenports Bath Row brewery in Birmingham, with the loss of up to 100 jobs.

Production of the brewery's Davenports traditional bitter and mild will be transferred to and mild will be transferred to Greenall's Shipstones Star Brewery in Nottingham, while lager will be supplied from the Warrington brewery. Greenall, which brews Labatt'e lager under franchise, will probably stop brewing Continental, Daysmorted locally distributed. Devenports' locally distributed

Davenports' locally distributed lager.

Last year the brewer, which trades in the north-west and Midlands, closed its Wem heavery in Shropshire because of falling draught beer sales.

The closure of the Davenports brewery will adjust Greenall's brewing capacity to demand and bring associated costs under better control as Greenall seeks to revitalise its brewing and pubs business. The Nottingham and Warrington brewerles are working at about 60 per cent of capacity.

Greenall bought Davenports in 1986 in an agreed £38m bid, whisking it from the grasp of Wolverhampton and Dudley Brewerles, which had fought a tough hattle for the brewer and its 123 pubs.

Greenall sald yesterday that the closure of the Davenports hrewery was part of a reorganisation of its activities in the

the closure of the Davenports brewery was part of a reorganisation of its activities in the Midlands, where a modern sales office and hear distribution centre is to be built.

Mr Michael Davis, group financial services director, said short-term cost savings would be about \$2m to \$2m. The closure costs will be taken below the line this year, as were those of Wem brewery last year. Job losses will be both in production and office administration.

### Blue Circle raise price of cement Sw Mange was a Manage

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MAT TANCHES

#### **UK NEWS**

### Budget season begins in subdued mood

Fiscal deliberations open this weekend in a quiet setting, Peter Norman reports

ODAY marks the official beginning of the Budget season.

Mr Nigel Lawson, the Chancellor, his team of Treasury ministers and a few senior officials will be closeted in the Chancellor's residence at Dorneywood in Buckinghamshire to weigh the various ontions. to weigh the various options for Budget day, which is gener-ally expected to be March 14. They will emerge in a state of purdah: a forced public

silence on matters fiscal that will also apply to their minions win also apply to their minutes in the Treasury until the Chancellor finally releases the secrets from Mr William Gladstone's battered red wood-and-

government residences.

Appropriately enough, the meeting this weekend is also likely to be somewhat subdued compared with Budget planning sessions. Such sessions have in previous years been held at Chevening, the Kent ancestral home of the Earls of Stanhope and today the official residence of the Foreign Secre-

Lord Bruce-Gardyne, a for-mer Treasury minister, has described Chevening weekends as occasions of Edwardian-style splendour, complete with spouses, character and "Lucul-lan" cuisine.

Although the plans for the Dorneywood weekend are shrouded in secrecy to the extent that the Treasury refused to confirm that the meeting would take place, there were suggestions that Mr Lawson was planning a more austere, working session. Such a move would be in keeping with the problems that he faces.

After presiding over a rapid resurgence of inflation, a dra-matic deterioration in the current account balance of pay-ments and nine increases in bank base rates in recent months to 13 per cent, Mr Lawson needs to err on the side of caution in his Budget.

Mr Lawson's main goal at present is to bring the annual rate of inflation back under control from the peak level of 7 to 8 per cent that is expected

**Telepoint work** 

for Orbitel and

France's Matra

ORBITEL, THE UK mobile

communications manufacturer

has extended its technology

French electronics group, to

Telepoint, a cordless tele-phone system developed in the UK, is expected to bring the

advantages of mobile commu-nications to the mass market.

Orbitel, a joint venture by Plessey and Racal, will supply

telepoint gear in the UK when the service begins this year.

Orbitel hopes to win business in France by teaming with Matra. France Telecom is

expected to start telepoint in

Orbitel and Matra are jointly

developing technology for the

pan-European car telephone system. They are to supply infrastructure for cellular net-

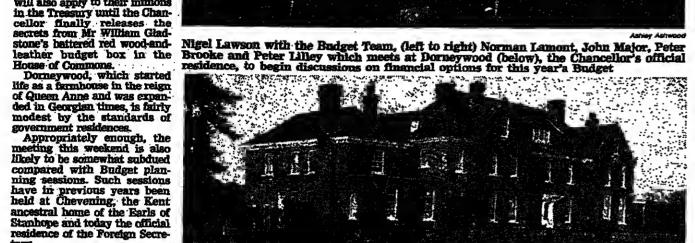
works in London and Paris.

collaboration with Matra, the

By Hugo Dition

include telepoint.





during the first half of this year. That means that the strong domestic demand growth, which pushed the current account to a £13.4bn deficit in the first 11 months of last year, needs to slow.

Those priorities may appear bad news for a Chancellor who has made the reduction of marginal tax rates a key political goal and who is keen to restore his reputation as the Conserva-tive Government's economic miracle worker.

Particularly galling is that Mr Lawson is stiting on a large and growing budget surplus that would allow him to fulfil his long-term commitment of cutting the basic rate of income tax to 20 pence from 25 pence in the pound at a stroke. But although he has the rep-utation of being a gambler, the Chancellor has proved to be a fiscal conservative, While he has made bold strokes, such as last year's cut in the higher rate of tax to 40 per cent, he has also developed a liking for budget surphises.

By Eric Short, Pensions Correspondent

THE SELF-EMPLOYED should

be allowed to make higher pen-

sion contributions, to make

their pensions comparable

company schemes, according to the Inter-Professional Com-

mittee in its pre-Budget sub-mission to the Chancellor of

The committee, consisting of

representatives of accoun-

tancy, actuarial and legal pro-

fessional bodies operating under the auspices of the Insti-tute of Chartered Accountants

in England and Wales, says big

improvements in the permitted

contribution levels are neces-

sary if the self-employed are to achieve equality with execu-tives in defined benefit com-pany pension schemes. Self-employed individuals

make their own pension provi-

the Exchequer.

with those of executives in

The Treasury's November forecast of a fillin public-sec-tor debt repayment for the present financial year to the end of March is almost cer-

tainly too cautious. Most forecasters expect the surpluses to exceed £15hn in 1989-90 and the following financial year.

cial year.

If the past is any guide, a curious mixture of extremely detailed tax issues and broad questions of strategy will be on the Dorneywood agenda.

Last year's Budget contained no fewer than 85 tax changes, many of which were minor matters that did not impringe

matters that did not impinge on the public consciousness. However, such tax changes sometimes find their way into the planning discussions if they are particularly vexations or if they promise to advance the cause of structural reform of the tax system. The Chancellor, his minis-

ters and their officials will be conscious of the wishes of Tory backbenchers and influential

Self-employed 'should be able

to purchase larger pensions'

sion either through the old

retirement annuity contracts or the new personal pension.

on the contributions paid, the

underlying investment funds

and the ultimate cash sum are

restricted to a maximum con-

tribution level. The level is 17.5

per cent of earnings for people under 50 years old, rising pro-gressively to 27.5 per cent for

those aged between 61 and 75. In contrast, there is no direct contribution limit on executive

pension schemes, the restric-

tions relate to the benefits - a pension based on two thirds of

The committee argues that under normal investment con-

ditions, the present contribu-tion limits do not enable the

self-employed to match those

earnings at retirement.

The tax concessions granted

made closer to Budget day, will have to wait until the Treasury has a clearer idea about whether the credit squeeze is slowing the economy. However, given Mr Lawson's

Against the background of

the Government's surplus posi-tion, there have been increas-

which tax is paid by more than

the rate of inflation. However, although such action would have the political benefit for

Mr Lawson of also sharply low-ering the tax paid by high-in-come groups, it could disturb financial markets unless offset

by tax increases elsewhere.
There are few signs that Mr

Its submission suggests that

the contribution levels should

be sufficient to provide a two-thirds index-linked pension at

mum rate should be increased

to 30 per cent up to age 45, increasing to 45 per cent there-

after; alternatively, that it should be 25 per cent up to age 30, rising to 50 per cent for

ages above 50.

The submission also calls for more flexible rules to enable

the self-employed to carry for-

ward or carry back contribu-

Accountants in England and

tions of previous years.

Keynes, MK9 2HL

It proposes that the maxi-

age 60.

commitment to a 20 pence basic tax rate in the longer term, he would be unlikely to miss a chance to start the proress of cutting the basic rate from its present 25 pence level if he judges that domestic demand levels and financial market conditions allow this.

Financial Times on Tuesday he expressed confidence that the personal credit cycle was turn-ing after a period in which the

personal savings ratio had

been affected by an explosion of morigage borrowing. He could, however, be

inclined to put some more punch into personal equity plans, which he introduced with much fanfare in his 1986

Budget speech to sncourage individual investment in equi-ties. While about 266,000 plans

were taken out by investors in 1987, sales fell dramatically

last year. This weekend will still be

too early in the Budget process for the Dorneywood meeting to discuss details of what signifi-

cant tax cuts, if any, to make in the next financial year. Such judgments, which normally are

How financial markets react might hinge on his plans for the budget surplus. There is a strong case for his retaining as ingly strong calls in recent weeks for it to reduce taxes for the lower-paid and provide large a surplus as possible in the coming financial year to bolster confidence among the foreign investors who must some encouragement for savings in the Budget. One option frequently used finance the current-account in the past to ease the lot of the lower-paid has been to raise the threshold hefore payments deficit.

Such confidence would then allow Mr Lawson to cut inter-

allow Mr Lawson to cut interest rates promptly at the first sign that the credit squeeze might be going too far.

While Dorneywood may be the place to discuss such a strategic issue, it could be some time before such an assential part of the Budget.

some time before such an essential part of the Budget policy is finalised.

In his book, Ministers and Mandarins, Lord Bruce-Gardyne said of an earlier Chevening meeting: "It was a weekend for reflection and debate... Indeed it was not clear to me that our deliberations had any tangible impact on the formulation of the Bad-Lawson is keen to increase incentives to save, in spite of evidence of a sharp fall in per-sonal savings throughout the 1980s, culminating in Thursday's news that the personal savings ratio had alumped to a record low of 1.3 per cent in the third quarter of last year. In an intervisw with the on the formulation of the Budget jndgment' in the weeks that followed."

#### Rail relocation lays ground for garden festival

By Anthony Moreton,

THE 1992 National Garden Festival in Ebbw Vale, South Wales, moved a stage nearer yesterday with the open a £2.8m railway relocation

The festival planners had to move 7.5 miles of track to rail-way sidings before they could begin reclamation work necessary to create the site. Lord Crickhowell, who as Mr

Nicholas Edwards chose the site when he was Secretary of State for Wales, yesterday said that the £13m reclamation would be one of the biggest operations of its kind.

Memorandum reference TR730. Publications Depart-ment, Institute of Chartered Ebbw Vale will be the fifth, and last, UK garden festival. The first was in Liverpool, followed by Stoke-on-Trent and, Wales, Gloucester House, Sil-bury Boulevard, Central Milton last summer, Glasgow. Gates-head's festival will open in

#### **EMPLOYMENT**

### University staff may face discipline over boycott

THOUSANDS of university teaching staff are facing displinary action for breach of con-tract after their union, the Association on University Teachers, decided yesterday to go ahead on Monday with a boycott of all work connected with examinations.

with examinations.

The Committee of ViceChancellors and Principals, on
behalf of the employers, said
last night that it hoped academic staff would not take
such action which "would of
course be in breach of their

contract of employment".

It has advised the governing bodies of individual universities and other higher educational establishments that sending staff home without pay and dismissing them for "gross misconduct" are among the options open to them. Ms Diana Warwick, general

Pit deputies will vote next Pit deputies will vote next week on British Coal's one year pay offer of 7 per cent. The offer apparently con-firms the upward drift in pay settlements to an average of 7 per cent in the wake of recent rises in inflation and interest rates. Nacods, the pit deputies union, successfully pressed the corporation to withdraw its initial two-year offer given

uncertainty over inflation.
The offer is being recommended to the 9,500 deputies, who supervise safety in mines.

initial two-year offer given

Association of University Teachers, predicted that the action would "vary between institutions," but her membership remained "pretty solid" behind the boycott. The AUT decided to go

ahead with the action after talks yesterday with the employers failed to produce any pay offer for 1988-89.

The AUT argues that its members would need a pay increase of 20 per cent to bring them into line with other professions, but Ms Warwick said the would consider a two years. she would consider a two-year

ahead with the action after

deal made up of a cost-of-living rise in 1988-89 and an offer of around 5 per cent for 1989-90.

The employers calculate that, on the basis of minimum Government funding, it would be difficult to offer of more

than 3.5 per cent for 1989-89.
Monday's action is initially expected to have limited impact as most recent examinations have been marked and next year's examinations will not be set until March. Disrup-tion is expected to become more widespread later.

### NFC extends appraisal system

By Kevin Brown, Transport Correspondent

NFC Contract Distribution, part of the employee-owned national Freight Consortium, yesterday announced plans to

yesterday announced plans to extend its performance appraisal system from management to blue collar workers.

The company said the system would help to overcome a shortage of skilled managers by making it easier for blue collar staff without formal applifications to be performed. qualifications to be promoted. The move reflects the growing interest companies are showing in introducing indi-

vidnal appraisal systems for both blue and white-collar

The NFC scheme will ini-ally involve around 160 blue groceries, do it-yourself equip-ment and other products for tially involve around 160 blue collar staff at newly estab-lished depots in Northampton and Peterborough. A further 600 will be included when new distribution centres for Tesco and Ind Coope open shortly. The numbers could be more than doubled if works councils

at 26 other depots vote to join the scheme, which is support by the Transport and General Workers Union and the United Road Transport Union.
The scheme will be included in the terms and conditions of

workers at any new distribu-tion centres opened by the

major retailers.

Mr Geoff Mee, Contract Distribution's personnel director said: "Through regular appraisals, ambitions and training requirements can be identified and nurtured, and promotion linked directly to achievemen allowing our most capable staff to rise to distribution centre

management or further."
Mr Mee, said the appraisal system was intended to help overcome a shortage of skilled management staff expected to develop in the 1990s.

### Warning that staff assessment can alter effort and attitude

THE WAY in which workers are chosen or rejected for jobs and promotion within companies can have a profound effect on their commitment to their employer and work, according to research presented to the conference.

Employees rejected by a selection or assessment process which they feel is unfair or does not judge their qualities correctly can become disilla-sioned and start working less hand or effectively. ru or effective

The research, based on case studies of management devel-opment programmes in two financial services companies, found assessment tended to shake people and make them more likely to consider leaving. The method of assessment also had an impact. Candidates

preferred being sent to assess-ment centres rather than being interviewed at their place of work because they believed the results were fairer.

Mr Ivan Rohertson of the

University of Manchester Institute of Science and Technology said the research showed that companies which placed a lot of weight on promotion could damage the morale of those not chosen. "If you use highly valid methods to identify the top 30 people out of 500, that is good, but the downside is that you have alienated 470 people who are still working for your reports from the British **Psychological** Society's occupational psychology conference

John Gapper

organisation." he said. One study of 223 managers on a fast track development programme at a large UK bank found that those who failed interviews tended to rate them as much less accurate than those who passed, but reac-tions were more even for

assessment centres.

The study found that assessment led to significant differences in attitude between those who passed and those who failed, including divisions in commitment to work and the likelihood of leaving.

It concluded that companies should plan selection methods to minimise alienation of can-didates who fail. Among the factors to consider are people's understanding and acceptance of selection methods.

They should also try to ensure that the amount of control of the process given to workers is maximised.

### Computer breaks 'too infrequent'

EMPLOYEES working on EMPLOYEES working on routine computing and word processing should be allowed a 15-minute break every 90 minutes, according to research commissioned by the Health and Safety Executive.

The research, based on an experiment in which 63 women typed codes into a

women typed codes into a video display unit, concluded that stress levels were reduced and attentiveness was improved when operators took

A linked survey of operators working for large employers found that they tended to be allowed breaks every two hours, rather than the greater frequency found to be most effective in improving accu-

racy and speed of work.
Ms Ann Davis, a researcher at Nottingham University, said the experiment had found that operators should work for at ast 45 minutes before taking a hreak from a new task because they took that long to

learn it. Breaks taken at longer intervals than two hours tended to be less effective in reducing stress, raising atten-tiveness and reducing the physical discomfort of the

operators. Stress levels of the operators tended to rise sharply when they started the tasks, but fall again after an hour as they became used to it. Arousal levels fell gradually but levelled

### Restart 'not improving jobs knowledge'

#### Curb on bar code errors urged By Maggie Urry RESTART job counselling courses for the long-term unemployed make participants However, their knowledge of the subjects taught on Restart Difficulties can arise if the the association deliberately flooting the guidelines, which were being updated to take problems into account. The feel more cheerful and seek employment more actively but

13.75% per annum (APR 14.6%) with effect from 6th January, 1989.

#### **HOUSE MORTGAGE RATE**

Increased by 0.55% to 13.75% per annum (APR 14.5%) with effect from



MIDLAND BANK plc, 27 POULTRY, LONDON EC2P 2BX

A TRADING standards officer has called for a change in the law to reduce the chance of shoppers' being overcharged in

shops using electronic point of sale (Epos) systems. Mr John Corfield, chief trading standards officer in South-end-on-Sea, Essex, says it should he illegal for shops using Epos to make price changes during trading hours. His suggestion comes in an article in Consumer Voice, the National Consumer Council's

magazine. With an Epos system, goods with an kpos system, goods are not individually price-marked, although the price is displayed near the goods, usually on the shelf edge. At the checkout, a bar code on each item is scanned and the price taken from a computer.

computer price is changed before the shelf-edge label is amended. Shoppers may then be charged a price different from that on the shelf edge. Mr Corfield suggests that chang-ing prices when the shop is open is a hig source of error.
The Article Numbering Association (ANA), a trade body

that advises retailers on operating Epos systems, has issued a number of guidelines which, if followed, should prevent cases of overcharging. They include not applying price increases when shops are open. However, Mr Corfield says many retailers are ignoring the guidelines. Mr John Berry, chairman of the ANA, said he had no evi-dence of any retail members of

proposals are with the Depart-ment of Trade and Industry, the Office of Fair Trading and the National Consumer Coun-If customers are over-charged, shops can be prose-cuted and a spate of publicity about such cases last autumn aroused public concern.

Mr Corfield says that, judg-ing by complaints received by trading standards officers, there is no doubt that customer confidence has been shaken." Retailers argue that the risks

of shoppers' being overcharged are higher with traditional

### Cancer drug licensed to US concern

By David Fishlock, Science Editor

A BRITISH drug for treating breast cancer, rejected by phar-maceutical companies in this country as too specialised, has been licensed by the British Technology Group to a US

healthcare group.

BTG, the state-owned agency for technology transfer, had invested about £100,000 in early studies on the drug. It has negotiated the exclusive licence with US Bioscience, an offshoot of US Healthcare, for US and European rights to the drug called pyrido-gintethim-

It is still negotiating for Jap-

Pyrido-glutethimide inhibits tumour growth by blocking the body's output of cestrogen. It was developed by Professor Allan Foster, Dr Mike Jarman, and colleagues at the Institute of Cancer Research in Sutton, Surrey, a research centre funded jointly by the Cancer Research Campaign and the Medical Research Council

Initial trials on patients have established that it has fewer side effects than the first-generation version of the drug which is in clinical use. The drug is seen as a niche

chemotherapy, the favoured treatment for breast cancer. The first large clinical trials of pyrido-glutsthimide, funded by US Bioscience, which specialises in drugs for market niches, will begin in Britain this spring, at the Institute for Cancer Research and St George's Hospital, London. Dr Peter Bailey, head of BTG's pharmaceuticals division, said the licensee had greatly impressed his agency with its approach and commit-

ment to cancer drug developproduct for use should the BTG has earmarked £2m for patient become resistant to investment in cancer research.

do not increase their knowledge of jobs and training schemes, according to a study. The study of 277 Restart participants, carried out for the Training Agency, found that they became more positive after the five-day course. Their feelings of control over their lives also improved.

By Jimmy Burns, Labour Staff AT LEAST nine women farm workers are considering court

claim by five warehouse operators, sees the move as part of a wider campaign to insure that agricultural workers are treated the same way as indus-trial workers and that part-timers achieve parity with full-time employees.

The threatened legal action coincides with the TGWU's submission of a claim for a basic wage of £150 for a 35-hour week on behalf of more than 120,000 full-time and part-time workers.

courses was no higher - and in some cases was lower - than at the start of the week. They knew no more about benefits, rights at work or training

The study also found that many participants found Restart enjoyable because of the company of others. Although most believed it was informative, some thought the social aspect was most impor-

The study, carried out by an occupational psychology consultancy, found that Restart participants in Newcastle upon Tyne and Reading tended to have particularly low self-es-teem before the courses. However, the courses, intended to help those thought least likely to find johs unaided, were found to bring participants up to the levels of

eelf-esteem and activity of other visitors to Job Centres

### Female farmworkers may go to court over equal pay

action against their employers in support of an equal pay claim, their union, the TGWU transport union said yesterday. The TGWU, which last year won an important equal value

The current basic minimum for full-time workers in the sec-tor is £104.20 for a 40-bour week. Part-timers earn £2.50 an The Financial Times proposes to publish this survey on:

Mr Tony Gould, the TGWU's regional agricultural officer for the south-east, said his union's "commitment" was to resolve the issue of pay through nego-tiations with the Agricultural Wages Board, the statutory hody which determines salaries in the farming sector. However, he said his union

believed that female agricultural workers who were parttimers on farms or engage full-time in packaging in the agro-business sector were doing jobs of equal value to that of men doing different, but comparable jobs.

If the TGWU proceeds with its legal action, it will be the first to be taken in the farming sector under provisions on equal pay for equal value, These provisions were forced on the Government in 1982 by

the European Court.

NORTH EAST LANCASHIRE

Friday, 31st March 1989

For a full editorial synopsis and advertisement details, please contact:

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**FINANCIAL TIMES** EUROPE'S BUSINESS NEWSPAPER

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### **NEW INTEREST** RATES

HOME LOAN RATE

Increased by 0.55% to

6th January, 1989.



Saturday January 7 1989

### Savings and the Budget

MRS THATCHER must sometimes feel that her Government is the one prudent householder in a nation of profligates. As has been demonstrated only this week, personal savings continue to fall, reaching the unbelievably low level of 13 per cent of disposlevel of 1.3 per cent of dispos-able income in the third quar-ter of 1988.

Given the state of the national income statistics, disnational income statistics, dis-bellef may turn out to be justi-fied. What is unlikely, how-ever, is that the trend — a decline in the personal savings ratio from just under 10 per cent of personal disposable income in 1985 — will turn out to be entirely misleading. No wonder the Chancellor finds himself bombarded with calls for "a budget for savings".

for "a budget for savings". It is an error, however, to place much weight on the per-sonal sector savings ratio. Pri-vate savings as a whole (those of individuals plus private companies) have been markedly more stable than personal savings, the reason being the great improvement in corporate profitability during the 1980s. Thus, as a share of GDP, gross private savings were 19% per cent in 1980 and still only

per cent in 1980 and state only just under 18 per cent in 1987. Given the marked improve-ment in tha Government's financial position, one might sume that there has been a corresponding improvement in the savings performance of the public sector, but this is not so. The Government's contribu-tion to gross national savings remains negligible. It was 1½ per cent of GDP in 1980 and exactly the same in 1987. Public savings are the sum of the public sector's financial sur-ptus and public investment; and the improvement in public finances of tha 1980s has largely reflected a sharp decline in public investment, from 5% per cent of GDP in 1980 to 2% per cent in 1987.

#### Real asset prices

The result of these trends is that the gross national savings ratio has declined, but not dra-matically, from 20½ per cent of GDP in 1980 to 19½ per cent

What is more, over the past few years the rise in real asset worth dramatically. In 1987, for example, measured personal savings were a mere £13.6bn, while the national accounts show an increase in personal sector net worth, in 1987 prices, of some £145bn. With high rates of interest now imposing a hrake on asset price inflation, ona would expect personal savings rates to rise again. In that case a "hudget for savings" would

its roots as the dominant sup-plier of minerals to the world's

Mr Birkin describes the men who built up RTZ so quickly as "geniuses." But analysts point

seriously aggravate the prospective slowdown in demand.

The case for the Government to act on national savings hinges on the feasibility of relying on foreign borrowing to finance a clearly desirable increase in the rate of investment over the long term. Mr Lawson has noted that the constraint on borrowing from abroad is "creditworthiness", this depending inter alia on the country's net asset position. At present that position remains present that position remains very strong. In the longer term, however, borrowing from abroad on the present scale must be unsustainable. While an unfinanceable external deficit will be closed one way or the other than the Covernment. the other, the Government may reasonably want that clo-sure to occur without too

#### Lesson of the past

sharp a cut in investment.

Unfortunately, the Government may be unable to do much about the national savings rate. The identification of the alleged savings problem has, it is true, led to numerous proposals for fiscal incentives. But such incentives are far more likely to influence the more likely to influence the allocation of savings than its overall level, while losing sub-stantial fiscal revenue in the process. The lesson of the past two decades, worldwide, is that higher real returns do not nec-essarily lead to higher overall rates of saving. The reverse may even be the case. In short, proposals for chang-ing the tax treatment of savings must be judged by

whether or not they contribute to an improvement in the effi-ciency of the overall tax sys-tem, it would be most undesir-able to introduce new tax shelters that not only fail to raise the national savings rate, but distort the tax system, too.

If the Government were determined to raise the rate of determined to raise the rate of national savings, the direct way would be via a still larger budget surplus. But in many countries changes in government deficits (and surpluses) have been negatively correlated with changes in private savings. To the extent that this were to be the case in the UK, the effort on national savings. the effect on national savings

of an increase in public savings Primum non nocere must always be the motto. The last thing that is needed is an array of new fiscal gimmicks that will not even have a significant effect on national savings. If the Government finds itself facing a national creditworthiness problem at some point in the future, it can try to meet it in the way that comes so naturally: via still more prudent public housekeeping.

### David White and Peter Marsh look at the future of chemical warfare

wo unpleasant questions loom behind the US-Libyan row over the factory near Tripoli which Washington says is for chemical weapons. Is there any way of preventing countries any way of preventing countries determined to do so from making and using poison gas? And can Third World countries be kept away from the temptation of these rediscovered cheap mass weapons?

As a five-day conference on chemical warfare opena in Paris today, experts' opinion on both questions is becoming increasingly pessimistic.

Chemical weapons have moved to the centre-stage of arms coutrol in the past few months following Iraq's use of gas during its war with Iran, the attacks by Iraq against its own Kurd-ith efficiency and row from the contraversy.

attacks by Iraq against its own Kurd-ish citizens and now the controversy over Libya's alleged production plans. The other two main focuses of cur-

The other two main focuses of current arms negotiations — strategic weapons and conventional arms in Europa — are purely East-West issues. Chemical warfare is different; it is emerging in the less developed countries of the South. The Soviet Union, aithough it has supported the Libyans' claims about their pharmaceutical plant, shares Western worries about the spread of chemical arsenals. Proliferation has focused attention

about the spread of chemical arsenals.

Proliferation has focused attention on the problem but has made the Geneva negotiations more difficult. It is, as one US official put it, "a genie and bottle situation." Asked how soon a new treaty might be expected, he replied: "You could say two years. Or you could say never."

The Paris conference is aimed at giving fresh political impetus to the negotiations and putting teeth back into the Geneva treaty that does exist—the 1925 Protocol for the Prohibition of the Use in War of Asphyxiat-

tion of the Use in War of Asphyxiat-ing, Poisonous or Other Gases, and of Bacteriological Methods of Warfare. Iraq and Libya are among the 100 countries that are signatories to that agreement. Most major countries, however, reserved the right to use chemical weapons in tit-for-tat retaliation, and the protocol did not restrict production or stockpiling. A 1972 convention on hiological weapons did cover these, but without any means for manifesting compliance.

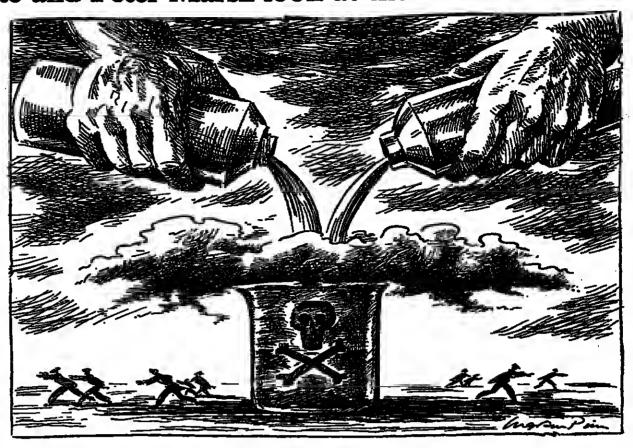
for monitoring compliance. As doubts increase about a properly monitored global ban on chemical weapons, the Paris meeting can be seen as an effort to revive the political taboo against poison gas. Until now, this taboo has been largely effective. Despite allegations, experts doubt if there have been more than half a dozen instances of countries in breach

The various kinds of gases developed for use in shells, rockets, bombs or sprays, which kill by being absorbed through the skin or inhaled, have not been used between advanced countries since the First World War and their usefulness is disputed against an army with protective equipment.

However, the Gulf War has enhanced an impression of chemical weapons' military value, especially among Middle Eastern countries. The US Central Intelligence Agency has estimated that 20 countries are now developing chemical arms, which would imply as wide ownership as there has ever been. Ten are also said to be developing biological weapons. Only the US and the Soviet Union long break, the US has started rearming, with Nato backing. Full production has begun of nerve-gas howitzer shells, the first of three planned "binary" munitions, in which component chemicals are kept apart until

the last moment.

Although Syria, North Korea and others are cited, few countries have been authoritatively named as now possessing chemical arms, and some experts are sceptical about the num-bers. But it would be easy for many to



# The deadly brew of nationalism

acquire a chemical capability.

In Geneva, an *ad hoc* committee reporting to the 40-nation Conference on Disarmament has been working towards a new treaty for nine years, and discussions are due to resume next month. It would ban development, production, acquisition and retention of chemical weapons, assis-tance to others in producing them as well as use or preparation for use, and would cover a range of lethally toxic chemicals, certain key components,

A large part of the text, already a weighty work compared with the sparse 350 words of the 1925 Protocol, is virtually agreed. This covers an obligation for countries to declare whether they have weapons or instal-lations and whether they have sup-plied them to other countries; the sub-sequent destruction of stockpiles and production facilities; and the setting

up of an executive council. But many issues still need to be resolved - who does the inspection, who pays, and how do manufacturers protect industrial secrets. Verification would be a task much greater than with the Intermediate Nuclear Forces (INF) Treaty, which serves as a precedent. The problems posed are both technological and legal. Also difficult is the listing of activities exempted from the prohibition. Many doubt whether the watertight treaty sought by the US is attainable.

few basic chemical transformations are all that stand between mustard gas – the disabling agent that Libya is suspected of making for use in warfare – and thousands of synthetic materials used in virtually all areas of

Mustard gas, which was employed to devastating effect by both Germany and Britain during the First World War, is made by mixing carbon-con-taining chemicals with chlorine and sulphur. The reactions are similar to those which produce drugs, pesticides and plastics.

As a result, a plant for making war gases does not look much different from the outside to a factory for prodrom the currine to a factory for prod-ucing more innocuous substances. This will make it difficult to prove the US claim that Libya's fortified plant at Rabta, 40 miles south of Tripoli, which it believes has been built with help from the West German chemicals inductory is making way account. industry, is making war gases.

This argument highlights the diffi-culties that attend any new war-gas treaty. According to Mr Trevor Kletz, treaty. According to Mr Trevor Kletz, a UK chemicals consultant, the US would have needed extremely detailed intelligence — beyond that which could be provided by satellite photographs — to have sufficient evidence that its version of the plant's role is correct. "For satellite images to have put the matter beyond doubt, their resolution would have to be good enough to read the labels on individenough to read the labels on individ-ual drums of chemicals," he says.

The background to the uncertainty over the true purpose of the plant – and to the problems that will accompany enforcement of a new chemical warfare treaty – is the complex and fragmented nature of the world's

Most of the petroleum-based synthetic substances used in consumer goods, clothing and industry owe their origins to a few basic feedstock materials such as ethylene and propylene made from oil. From these oil-

small group of other basic materials such as sulphur and chlorine, are made a second tier of about 200 building-block substances, known in the chemical industry as "evergreens".

chemical industry as "evergreens".

Given enough expertise in chemical synthesis — together with the engineering knowledge needed to construct the necessary plant — tha range of substances to be derived from the 200 evergreens is limitless. It is this third tier of evergreen-based materials which are mixed in previous proportions to form the ingrevarying proportions to form the ingre-dients for drugs, pesticides and many other kinds of specialised additives used in industries such as plastics, water-treatment, paper processing and construction.

and construction.

Many of these intermediate chemicals are by their very nature hazardous and could be used for killing people. For example, methyl isocyanate, the gas which escaped from the Bhopal pesticide plant in India in 1984, killing more than 2,000 people, would be a construction of the construction. make a highly effective war gas. Much the same is true of dioxin, a chemical which can be derived from

some plastics processes.
Virtually all the chemicals in the third group of evergreen-derived materials - with the exception of high-volume substances such as basic plastics and fibres - are made in plants which can be easily switched

plants which can be easily switched between different processes.

Most modern chemical facilities can be seen as giant mixing vessels comprising the same elements of pipes, valves, pressurised containers and control systems. Such a factory can have a great many applications.

Although there are many types of war gas, Mr Julian Robinson, a chemi-

cal-warfare expert at Sussex University, believes that if the Libyans are making these materials then they are likely to be focusing on mustard gas—otherwise known as dichlorodicity! sulphide. This is a well-established material, relatively easy in make and highly effective. Loaded into shells as an oily liquid, the chemical evolves a vapour after falling to the ground, disabiling people either by burning or by internal injuries.

Still more effective would be various types of nerve gases which can kill people in a matter of seconds by crippling the body's nervous system but which are more difficult to make. Just 1 milligram of nerve gas—of which one of the best known is Serin, or isopropyl methylphosphonodiuoridate, invented in Germany during the Second World War—is enough to cause death, as against 15 times this samount for mustard gas.

Mustard gas can be made in three ways, one of the best known of which starts with thiodiglycol. This is a chemical made from glycol, an ethylane-derived chemical which sees everyday use in anti-freeze and as a plastics additive. To thiodiglycol would have to be added hydrochioric acid, a highly versatile chlorine-containing chemical.

Another process, used by Britain to build up its mustard-gas stocks during the 1940s, adds ethylene to sulphur chloride. Another possibility is to mix vinyl chloride, one of the ingredients for making pulyariy chloride, a wall-known plastic, with hydrogen sulphide.

A plant for making mustard gas might be distinguished from those producing conventional chemicals by special containment systems to improve safety. If the US had gained satellite photographs of the Rebta plant during construction these features might have stood our, giving evidence about the factory's purpose. But Mr Ralph King, a UK chemicals consultant, points out that many ordinary chemicals plants make hexardous substances as a matter of course, these factories would also have inbuilt systems to minimise hazards.

These factories would also have

These factories would also have inbuilt systems to minimise hazards. Another tell-tale signal might have been large shipments to Libya of specific intermediates, such as thiodigiy-col, which are specifically used in mustard-gas manufacture.

Many experts believe that — if the Rabta plant really is for making warfare agents — the Libyans would have needed assistance from other countries. This would have involved trias. This would have involved detailed plant engineering skills. Libya has been forming links with

chemical engineers in several Euro-pean countries – including Britain – to build up its petrochemicals busi-ness. The Libyan chemicals communess the Linyan changes the with his especially strong the with Italy, which is a hig importer of Lib-yan ethylene. It is thought that many engineers who have helped Libya in conventional areas of chemicals could with hig enough rewards and without too much regard to moral scruples
- have lent a hand in production of warfare agents.
One British businessman exper

enced in dealing with Libya said this week that, even with help from abroad, the Libyans were unlikely to have enough expertise to operate a mustard-gas facility. "The Libyans have some good theoretical scientists but their engineers are homeless." he but their engineers are hopeless," he said. "I doubt whether they will be able to get any mustard gas out of the (Rabta) plant without killing all their employees.

Wherever the truth lies, the Libyan wherever the truth lies, the Libyan row has provided the US — and Britain — with a target to use in Paris and at the next committee session in Geneva. It could have been Iraq, or Syria. But it is Col Muammer Gadani who has been chosen to personify the chemical genie that has escaped from its bettle its bottle.

### MAN IN THE NEWS

ery manager needs some tuck to achieve his objectives. Derek Birkin has had his fair share during **Derek Birkin** 

# Manager for whom the luck running

By Kenneth Gooding

has had his fair share during the wheeling and dealing which has reshaped the RTZ Corporation since he was appointed chief executive and deputy chairman in April 1985. His good luck culminated this week in the biggest-ever private deal between two UK groups; agreement in principal for RTZ to huy British Petrolenm's worldwide minerals operations for \$4.32bn (£2.4bn). for RTZ to huy British Petrolenm's worldwide minerals operations for \$4.32bn (£2.4bn).

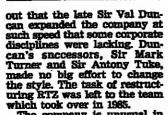
This will increase RTZ's lead as the world's major mining group, with low-cost production mainly in politically stable countries. It will also make the group a big player in the gold business for the first time, while giving it much more clout in the copper and industrial minerals markets.

To make such a purchase possible a number of factors had to fall into place at the right time. Perhaps the most important was that BP was willing to sell such a huge slice of its business when RTZ was ready and willing to buy.

Mr Birkin, a genial and hluff Yorkshireman of 58, says the deal "secures the successful devalopment of tha company well into the 21st century.

"We have the skills and experience to capitalise on these major new assets and to bring to fruition their full—and as yet unrealised—potential," he boasts.

The purchase ends a fiveis still



and as yet unrealised — potential," he boasts.

The purchase ends a five-year period when RTZ seemed to be toying with the idea of becoming an industrial conglomerate and brings it back to which took over in 1983.

The company is unusual in that, as well as Mr Birkin as chief executive, it also has an executive chairman: Sir Alistair Frame, who has long and wide experience of the mining industry. Applying say that manufacturing industries.
Formed only 27 years ago,
RTZ was 41st in the latest FT
500 list of top European companies, ranked by market capitalisation in mid-1988. It is one of industry. Analysts say that, with complementary talents, the two men work well as a the few UK groups to have ben-efited directly from the emer-gence of Japan as a major eco-nomic power by supplying it with raw materials from asso-ciates in Australia.

An important element in Mr Birkin's success is that he has had long experience as a chief executive. He became managing director of a small company, Velmar Textiles, at the age of 37, in 1968. This was

followed by a spell as manag-ing director of a division of Nairn Williamson, the floor coverings group. Then in June 1970 he joined Tunnel Cement as deputy chairman and chief executive. RTZ acquired him, along with Tunnel, in 1982. Mr Birkin is the son of a south Yorkshire miner. His mother was determined ha

mother was determined ha would not follow his father and would not follow his father and five brothers into the mines, and he attended Hemsworth Grammar School where he became head boy and captain of both the cricket and rugby teams. After National Service he rejected the idea of going to university and became a man-agement trainee with Nairn and Williamson.

agement traines with Name and Williamson.

Today he is at the helm of a company which, even before the BP Minerals acquisition, operates in 40 countries and has 800 subsidiaries. Since he

took over, the head office staff in London has been stream-lined and is down from 600 to 200. The board has also shrunk in size - 26 five years ago to 12, half of them non-executives and its average age has been sharply lowered.

sharply lowered.

Mr Birkin points out that all this was done quietly and quickly but with no big rows obvious to the outside world. That was not quife the case, however, when he took on the men at the top of RTZ's two major associates: CRA in Australia and Rio Algom in Canada. Sir Roderick Carnegie was for 15 years a dominating figure as chairman and chief executive of CRA and was one of Australia's best-known busiof Australia's best-known busi-nessmen. He resigned in Sep-tember 1986. Mr George Albino, chairman and chief executive of Rio Algom, departed in November 1987 and subse-

quently sued the company, claiming wrongful dismissal.

Mr Birkin says there is no attempt to impose "an RTZ corporate culture" and that each porate culture" and that each subsidiary has its own style. The company attempts to encourage a nimble, entrepreneurial approach by paying top operating executives by reference to their own results — "but not by simply looking at the bottom lina, that simply encourages short-term thinkencourages short-term think-ing "RTZ plans with a ten-year horizon for its industrial busi-nesses, he says, and 20 years on the mining side.

A fundamental review of A fundamental review of strategy started three years ago. It ied to to the disposal of the group's oil and gas interests, and of a range of underperforming assets. That was also achieved in an undramatic style. Companies were sold as going concerns and most employees kept their jobs.

At the same time RTZ tightened its grip on other subsidi-

ened its grip on other subsid-iaries to have access to their cash flow rather than making do with dividend receipts we want to own 100 per cent of subsidiaries if we can and, if we can't have that, we want 50 per cent and management con-trol," says Birkin.

RTZ also acquired some RTZ also acquired some industrial companies with activities thet were "downstream" from its minerals interests. Hence the purchase, for £25m early last year, of MK Electric, which was a neat fit with the RTZ Pillar subsidiary's aluminium products for the contruction industry.

The restructuring gave RTZ The restructuring gave RTZ with net cash of more than 2500m, with nearly all its debts paid off. It left the City expect-

ing a hig acquisition of the type announced this week. The deal with BP underlines The deal with BP underlines just how far Mr Birkin has come from his days at Tunnel Cement when, to illustrate his determination not to be diverted from his mainstream business, he told one analyst: "I don't want to know about anything that is under the ground — or south of tha Channel." That bluntness of manner remains, even if the manner remains, even if the

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for money in many grees of treatment and, since the family treatment and, since the family general practioner (GP) has to pay for it out of an annual budget running into hundreds of thousands of pounds, this is an important consideration.

The second case, a routine hernia repair, goes to a private hospital whose management has contracted with the public health authority to conduct

health authority to conduct large numbers of such operations at a standard fee. Again, the cost comes out of the GP's budget.
There is no doubt in the

third case, which is likely to involve complex surgery. A professor at a teaching hospital in the next county, which has opted out of direct health authority control and draws its funds and patients from far and wide, has an international reputation in the field. The GP can see from the performance comparisons which flow across her computer screen that this is not cheapest option for her budget. But the professor's team has an above-average success rate for this type of operation, and it is in the patient's best interests to

choose it.
This vision of British health care in the future will appear, directly or obliquely, in the pages of the Government's NHS review due to be published as a white paper this month. It will not be available to most patients overnight, or for a good many nights after

Cynics believe the Government's ideas have something in common with the Arabian Nights, the fantastical tales told by Scheherazade in a bid to prevent her execution. Ministers have, they allege, been drawn into a desperate bundling together of radical sounding initiatives because they fear for their political lives if they end the review with the conclusion that the NHS should be left much as it is.

Mrs Margaret Thatcher, the Prime Minister, launched the review this time lest year amid review this time last year amid crisis-level complaints from Britain's hospitals that they

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vere under-funded. Ministers were inundated with advice from radical right pressure groups on options -from widening patient choice by introducing health vouchers, to moving from a health system funded out of general

Alan Pike looks ahead to the Government's plans for reform of British health care

# One is quickly dispatched to the local National Health Service district hospital. New methods of assessing costs show that it offers good value for money to want group of the control of for greater GP power

One by one, the most comprehensive and all-embracing proposals for change fell from the agenda. The most that the white paper is likely to offer on private insurance, for instance, is the introduction of tax-relief for the elderly - and even this

is not yet guaranteed.

Many of the ideas likely to appear in the white paper will begin as experiments and it would take considerable time, as well as legislation and nego-tiation, for them to move beyond this stage. But they are consistent with the Government's long term aims of mak-ing NHS management more businesslike and improving patients' choices. Front-runners for inclusion

Cynics believe the Government's ideas have something in common with the **Arabian Nights** 

in the white paper are:

 Giving GPs a "gatekeeper" role as budget holders with power to select the best source of hospital treatment for their patients:

 Encouraging selected hospi tals to opt out of direct health authority coutrol, obtaining their income from specific con-tracts awarded by health authorities, work for the pri-vate sector and individual private patients; • Experimenting with an internal market which would

involve health authorities trading services with each other and the private sector;

Tightening financial coutrols within the NHS, and giving regional and district health authorities a more businesslike look, partly by reducing local authority representation. authority representation.

• Ensuring that health care

taxation to one financed by private insurance.

basis of better information.

These ideas are linked by Government desire to break through the central bureau-cracy of the NHS, Europe's largest civilian employer, encouraging individual units within it to become more effi-

> A distinctive feature of the NHS - and one of its cost-con-trol keys - is that all consulta-tions begin with a general practitioner. About 90 per cent also and there, without the need for more expensive hospi-tal consultations.

> If GPs were to be budget-holders who decided where patients received any subsequent hospital care - taking account of costs, waiting lists and individual wishes - there could be all-round improvements in efficiency. GPs would be forced to think more carefully about the cost of their referral decisions, and hospitals would tighten up on effi-

ciency or miss out on patients. So runs the theory. In reality, the idea would require a lot of work before it could move beyond a pilot test. The UK's 32,000 GPs are not trained to be budget holders, and many do not want the job. While some bigger group practices operating from health centres with support staff and computers might be equipped for the task, many single-handed GPs

Powys district health authority in Wales has spent months planning an experiment in GP budget holding on the lines that Ministers are considering. Local GPs are refusing to cooperate with it. We believe it would be ben-

eficial for GPs to have much ore information on which to base decisions," says Dr Dani Bevan, the Powys district gen-eral manager. "If you know a hip replacement in a local hos-pital costs £1,100 but it can't be done for two years, while in another district it can be done decisions are made on the in six weeks time for £1,250



von can make rational decisions, balancing the waiting time for the patient against the extra cost." The Powys GPs fear that the system could be used to place cash limits on the services they provide. Dr Bevan says that is not the

Family doctors have asked what a GP budget holder would do if the money in the budget ran out during the year. If, under the existing system, you have a patient on the end of a three year waiting list for an operation, the money has run out for all practical purposes. Giving GPs budgets would expand their areas of control and choice." Suspicions and worries will

be widespread among GPs. Dr Michael Wilson, of the British Medical Association, says that if GPs became budget holders patients might no longer be confident of receiving the best treatment, since their doctors would have to balance care against available funds. In the short term there is an

even bigger barrier to the widespread introduction of GP budget holding - lack of informa-tion. Detailed costing of treatment is not one of the strengths of the NHS. GPs could not make valid choices, and hospitals would be unable to trade in an internal market, without much better informa-

An important Department of Health experiment in resource

geting is being conducted at several bospitals around the country and the lessons of this will have to spread rapidly if the Government is to achieve its reforms. So will NHS invest-

Health authorities have begun to earmark hospitals for the possible opting-out experi-ment. Such institutions, while still technically part of the NHS, would have greater managerial freedom than other hospitals - a development which could, among other things, lead to the weakening of national pay determination in the service.

Several of the expected reforms - including the internal market, opting-out and giving GPs more control over where patients receive treatment – are likely to push hospitals towards greater specialisation. This would cut across the present policy of a single district general hospital meeting a local community's entire basic needs.

Research suggests that greater specialisation by medi-cal teams can produce better clinical results and be more cost-effective. But some patients would have to travel further for treatment. Whether this would prove a popular option at a time when the Government is concerned with extending patient choice remains to be seen.

Richard Waters on Chase Manhattan's withdrawal from UK equity market making

### Three ways to cope with the City's gloom

mid the general gloom of joh losses in the City, different strategies are emerging among investment banks. They represent different ways of dealing with the same problem: chronic overcapacity in the City's main financial markets.

The cut-backs have a com-

The cut-backs have a com-mon theme. In almost every mon theme. In almost every case, retrenching firms are modifying or abandoning the "full-service" approach — the belief that they need the full range of equity and debt skills to help their customers raise finance or manage interest or exchange rate exposures.

Some of these integrated operations are falling apart at the seams. Chase Manhattan vesterday became the latest vesterday became the latest victim, announcing that is pulling out of UK equity mar-ket-making altogether and retaining only a small team of salesmen to handle European securities. Earlier in the week Hoare Govett had announced its retreat from gilt-edged secu-rities and Eurobonds.

Such retreats have become increasingly common; distinguished predecessors include Morgan Grenfell, Citibank, Lloyds Bank, Midland Bank, Prudential Bache and Royal Rank of Canada. The institu-tions affected fall into three distinct camps:

 Those which have pulled out of gilts Those which have retreated from equities
Those that have withdrawn from securities completely.

Chase Manhattan took the second course of action. Its chances of surviving the pre-sures of the equity market were hampered by its original purchase of two stockbroking firms Simon & Coates and Laurie Milbank. Neither was among the top ten in the City. The two firms never fitted well together, and the combination did not give Chase a strong market position. There were two rounds of redundancies last year and two restructur-ings of Chase's stockbroking operations, leading to a spate of defections. There were an estimated 700 employees at the

time the operations came

Chase now says the equities side is relatively unimportant to its corporate clients or investors in the long term. At the time of its move into stockbroking, however, Mr Anthony Terraciano, then head of the bank's capital markets group, described a strong position in equity markets as "crucial" to Chase's ambition of becoming a major worldwide investment

bank, Mr Paul Brandow, head of securities operations in London, said yesterday thet UK equities gave the firm a rela-tively narrow base, while fixed interest securities gave it a stronger distribution network across the continent.

"Our global business revolves around fixed income securities, swaps and deriva-tive products," he said. "We have a better market position, and there is a greater link back to the corporate finance busi-

Mr Brandow admitted, though, that pulling out of equities would reduce the bank's capacity to satisfy its clients' demand for this type of finance. There are still ways of underwriting and distributing new equity issues, but these will be less efficient, he said

Chase's decision reflects the intense competition in the UK equities market. Since last summer, when two large market makers narrowed the spreads between the prices at which they were prepared to buy and sell sbares, the squeeze on equity profits has become severe. In the opposite camp are

Hoare Govett and Citicorp. Both have pulled out of gilts but remain in equities.
Citicorp, which withdrew last July, had built a strong position in the gilts market, yet still found it impossible to make any money out of the

Mr Peter Voss, Hoare Govett's chief executive, says that bonds is not essential to ser-vice corporate customers. The range of swaps and related products offered by Hoare Gov-ett will allow it offer a full range of debt financing to its customers, he says.

The success of these different approaches is likely to depend in part on changes in financing trends in the coming years. As Mr Voss says: "Historically, the City has been more against defined than date more equity-driven than debt-driven. The reason why people have flocked to debt is that they think there will be more debt financing in the future."

Such a change could erode the relative importance of firms - such as Hoare Govett
- with a strong position in the
equity market.

A more mundane explana-tion for the different tactics, meanwhile, is that it reflects the different strengths of the firms in different markets.

Chase was never able to build a position in the equities market (it claims a 2 per cent share before pulling out), whereas its fixed income business has had more success (though it declines to provide market share figures). It made sense to retain the part of the business which has the greatest potential in the long run.
Hoare Govett, on the other
hand, had seen its gilts business slip away from the pre-Big Bang days, when it had been one of the top three marketmakers. From a market share

of more than 10 per cent, it had sunk to only 2 per cent before it decided to pull out. Evidence suggests that, dur-ing difficult market conditions, the largest firms have gained market share at the expense of their smaller rivals. It is not surprising to see the weaker participants in each market

pulling out.

There is, of course, the third strategy: pulling out of securities altogether, a course followed so far by such as Morgan Grenfell and Lloyds Bank. These investment banks will rely in future ou specialisation in individual niches; out of necessity they have turned their backs on the full-service approach altogether.

### LETTERS

### 'Real' mortgage costs

From Mr R. Subry-Grant. Sir, The New Year increase in interest rates affecting mortgagors, although unwelcome, should come as no surprise. However, your unqualified remark (December 30) that annual percentage rate (APR), usually considered to be a more reliable indicator of the cost of a loan, takes into account the timing of repay-

ments, deserves attention.

The timing of repayments is an intrinsic factor in the "real"

mortgage loans, instalments are calculated from a model

cost of a loan. Commonly, in

have present values which are lost to the mortgagor and

advance, in practice.

gained by the mortgagee before Current guidance on calculating APR does not take into account the timing of premature collections. Preliminary calculations suggest that the difference between the true

cost of such a loan and the interest rate used for calculat-

Such premature collections

ments in arrears on the one hand and, on the other, for fractions of such instalments much as twice as great as the difference between currently used APRs and the interest rate used for calculating instalto be collected monthly in

> The mathematical model (from which the equation used to calculate the proposed instalments to be collected is derived) the number of repayments, and the timing of collections - premature as well as punctual - are essential for serious determination of the "real" cost of a loan. R Sabry-Grant, 32 Grange Gurdens,

#### Critical frown

From Mr Nicholas Wright. Sir, I take the greatest excep-tion to Martin Hoyle's imputation (FT Arts page, December 13) that I neglect my research. "Where", be asks, "in the

early 1930s could the opera-loving daughter see that rarity, the yet to be rehabilitated Cosi?" The answer is at Glyndebourne (as stated in the play) ou May 29 1984. It was ducted by Fritz Busch, Carl Ebert was the director, and the singers included Heddle Nash and Ina Souez.

Other points Mr Hoyle makes are equally mysterious or self-confounding. Gillian Barge, he claims, mispro-

lending boom of May-September 1988, some professionals

became concerned that the

insurance market might not

have sufficient capacity to cope

with coutinning demand at

the subordinated junk paper issued by some special purpose

vehicles, the capacity of the insurance market seems virtu-

ally unlimited. The primary

obstacle to the junior/senior

structures is not the computer

modelling, as you suggest (which we have done ourselves

to Standard & Poor's and

Moody's satisfaction), but two separate points: placing the

Compared to the demand for

this level.

nounces the word "Riesling". But it appears nowhere in the play. The telephone bell at the end, he coutinues, does not sound like a telephone bell. Well, no, it doesn't. It is rather obviously a door bell.

There might be an excuse (perhaps) if Martin Hoyle had been strapped for time while writing his review. But he saw the performance at a preview which left him with an entire weekend to look up the Cosi reference (the Glyndebourne archives staff are very helpful) or to buy a copy of the play. It has been in print since August. Nicholas Wright, 33 Navarino Road, E8

#### 'Pool insurance' applied to the mortgage market

From Mr A.R. Hill. Sir, Your article on the use of mortgage pool indemnities Home insurers build on innovation" (December 7) addressed the subject entirely from the point of view of the insurer or certain mortgage companies rejecting insurance as their chosen method of enhancing mortgage assets

when they wish to re-finance. This left open the question of why certain mortgage compa-nies – including ourselves – use mortgage pool indemnities. Our own company vies with The Mortgage Corporation as the largest purchaser of pool insurance. We have bought

#### Statistics matter

From Mr M.R. Weale. Sir, Mr Francis Maude (Letters, December 22) argues that the Government should not provide statistics beyond those which meet its own needs. Surely he does not understand the role of the government in a democracy.
Unlike weather forecasts, which could be provided by the

private sector and sold to newspapers, many statistics can only be collected by the Government. Some require access to confidential information, such as tax returns. Others may be collected under the authority of the Crown, again with a guarantee of confidenti-

It is not just business, but the public at large which needs reliable statistics. The maintenance of an informed debate is one of the guarantees of our democracy.
Without that, the public at

politicians saying they neither know nor care whether the country is living beyond its means. If there is no reliable track record we shall not be able to vote on the basis of it. The rapid transformation of the economy under Mrs Thatcher has made it harder to collect statistics. Output of new industries cannot always be counted like tonnes of steel. The end of exchange control has reduced information about capital flows and raised the external discrepancy.

These are not reasons for cutting back the provision of statistics. They are grounds for restoring the importance of statistical provision to the place it occupied in the post-Second World War decades. M.R. Weale,

Faculty of Economics and Poli-tics, University of Cambridge, Austin Robinson Building, Sidgwick Avenue, large will have to put up with

### ing instalments can be as

insurance covering £1.6bn of property sold, and the relevant mortgages to date.
From our point of view urances realised. There is no limit to valid insurance has proved to be flexible and cost effective. It has enabled us to raise subclaims on the policy. This feature produces a very considerable benefit in the financing of stantial sums both in the synmortgages; the credit becomes far easier to understand, dicated loan markets (over £1bn) and in the new securitis-ation market (about £700m) at because all mortgage assets are effectively "homogenised", and the financier lending to us or able cost. We buy insurance which purchasing our securities does not need to be an expert in mortgage credit risk to evalu-ate the level of enhancement. Your article says that there

apart from a deductible - covers the company and its sub-sidiaries against all collection costs and any shortfall of principal or interest incurred as a result of default by a borrower after the related mortgage has been enforced, the relevant

#### Uranium supplies

has been a shortage of capac-ity. To our knowledge a short-age never materialised. How-

ever, at the height of tha

From Mr Richard H. Levy. Sir, The article by Sir Alan Cottrell (December 14), objecting to proposed cuts in the fast breeder reactor development programme, uses the argument that supplies of uranium at reasonable cost will be exhausted in 40 or 60 years. The argument is defended on the grounds that it is old;

unfortunately, being old does not make it right. The reason that there is no worth of oil resources identified for the last century.

more than a few decades' worth of uranium resources is not that there are no more. It is that uranium exploration is Sir Alan's view. not justified when existing resources are adequate for such a long period. In this regard, uranium behaves much like other resources; there have been roughly 30 years level appropriate to speculative

higher prices by producing a glut, and there is no reason to believe that the same thing would not happen again. An interesting exercise is to compare proposed budgets for the fast breeder reactor with budgets spent on uranium exploration, using recent data on finding rates per foot of exploration drilling, and an appropriate discount rate. Budgets for uranium exploration are sensitive indicators of the broadly perceived future demand for uranium. Their

The bope that nuclear fusion will lead to the economical production of electric power is so

current levels do not support

Richard H. Levy, Twice in the last 40 years the 4124 55th Avenue NE, ursuium iudustry has Seattle, Woshington, responded to the stimulus of USA.

subordinated paper economically with a third party; and residual concerns about the legal mess that would inevitably follow the subordinated tranche suffering losses. Finally, I would like to point

out that the first mortgage pool indemnity policy in the UK was issued by Eagle Star to support banking finance raised by Mortgage Funding Corpora-tion in June 1986, not to National Home Loans 18 months ago, as stated in the article. A.R. Hill.

Mortgage Funding Corporation, PO Box 560, 20 Fenchurch Street, EC3

#### Cathedral fund From the Dean of Winchester.

Sir, In his admirable account of Winchester Cathedral's finances (December 10) Christian Tyler quoted a member of our community who described the Australian fund-raising company whom we are employing as "thuggish".

It is commonly said these days that major fund-raising is a task for thugs rather than for gentlemen, but 1 am conscious

of the fact that a jocular remark of this sort may be interpreted in a sinister manner if it appears in print.

I shall be grateful, therefore, if you will permit me to tell your readers that we have the utmost confidence in our fundraisers, and would not have considered employing them if we believed their methods to be inappropriate to the life of a Christian church Trevor Beeson,

The Denneru

Winchester, Hannshire

together in 1986; the new cuts ADVERTISEMENT **BUILDING SOCIETY INVESTMENT TERMS** Applied Net Interest rate net CAR paid Inst. ov £10K 9.60/9.35 + bor Instant 8.95/6.75/8.40 Chy bk/Chy Card 8.65/8.15 Chy bk/Chy Card Instant 10.00 20.00 Yearly Surprised Asset
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### Murdoch wins battle for Collins

THE BITTER seven week battle for William Collins ended yesterday when Mr ended yesterday when Mr Rupert Murdoch's News International gained control of the Glasgow book publisher.

The Collins board met yes-terday morning and fairly promptly agreed to recommend acceptance of News' £403m offer. Shortly after midday, News announced thet, following share purchases, it held 54 per cent of Collins.

"I am sorry that we have not managed to keep our indepen-dence", said Mr Ian Chapman, chairman of Collins, yesterday. "We have, bowever, received News regarding autonomy and editorial freedom." Until editorial freedom." Wednesday, when Collins'

white knight, Groupe de la Cité, pulled out of the contest, Mr Chapman had fought Mr Chapman had tought strongly against the takeover. He said he had been "most surprised and touched" by the support Collins received from its authors, but "the greatest support they can give us now is to stay with Collins."

Ms Sonia Land, News Internstional's director of planning.

ustional's director of planning, who led the News side during the bid, said that even if one or the bid, said that even if one or two Collins' authors cancelled their contracts, "a handful does not indicate that all authors are against News." Mr Murdoch, speaking from Melbourne, said he was delighted to provide the assur-ances Collins wanted. These included commitments on Col-

lins' editorial independence, management, its future and its role within the News group. Collins "will remain free to pursue its existing editorial pursue its existing editorial policy of publishing authors with a wide variety of beliefs and views." The management of Collins "will operate as an antonomous unit within the News group and will remain in London and Glasgow." Finally, News "intends to develop and expand the existing Collins businesses in order to establish

expand the existing collins businesses in order to establish Collins as a major worldwide book publishing group."

The expansion plans centre around Harper & Row, the US publishing group owned jointly hy Collins and News Corporation, parent of News International, and News' Australian

publishing interests.

Mr Chapman's future will be discussed when he meets Mr Murdoch in London within the

mext fortnight.

Mr Bryan Gould, Labour'e trade and industry spokesman, yesterday called on the Government to halt the takeover. eriment to half the takeover. In a letter to Lord Young, Trade and Industry Secretary, he said the Monopolies and Mergers Commission should also look at the whole of Mr Mnrdoch's media empire. "Press, media and publishing businesses are already far too concentrated in this country," he said.

he said.

Lord Young's department yeaterday said he had agreed not to refer the Collins deal to

the bid reference was amounced, Elders – through James Capei – bought 9.5 per cept of S&N in the market to

raise its stake to 23.6 per cent.
This was against the usual practice after a referral, and the Department of Trade and Industry immediately forbade Elders from exercising more

than 15 per cent of the voting rights and changed the rules to prevent a recurrence in inture bids.

The DTI subsequently also referred Eiders' share purchases to the Monopolies Commission.

The lending and borrowing of equities is a routine feature

of the London market, helping

to maintain liquidity, although it would be unusual for shares to be lent for as

long as two months.

All such transactions must

be done through one of 10

anthorised money-hrokers.

fees are now negotiated, but an institution can expect to receive about 1½ per cent per annum of the market value of the shares it lends. Typically, the shares remain lent until the owner demands their

#### Maxwell disposes of more **US** assets

By Andrew Hill

MAXWELL Communication Corporation, the publishing and information group, and Macmillan, the US publisher, have sold various publishing assets for \$171m (£96m) to a newly-formed company owned by an affiliate of Rothschild, the Waw York investment

by an affiliate of Rothschild, the New York investment bank, and other investors. It is thought the consortium was put together by Roths-child, which advised Mr Rob-ert Maxwell on his successful bid for Maxwell and last year, so that the sales could be com-pleted before the new year, for tax reasons. The assets, which changed hands on December 30, may eventually be sold to another buyer.

Just before Christmas a deal to sell these assets, among oth-ers, to Kohlberg Kravis Robers, to konnerg krave northers, the US huy-out specialist, fell through, partly because of Mr Maxwell's desire to complete the \$400m disposals by the end of the year.

The assets sold are Intertec, a Macmillan subsidiary which multiples technical magazines.

a Macmillan subsidiary which publishes technical magazines, and the publication and intellectual property rights to trade magazines produced by one of MCC's US subsidiaries, Webh Publishing.

MCC said yesterday it was confident that Macmillan, which is owned by an off-balance sheet Maxwell vehicle, would sell the other companies—the direct marketing subsidiaries Gryphon, and Macmillan. iarles Gryphon, and Macmillan Book Clubs – at a price as good as that offered in the

abortive KKR deal. Mr Maxwell has said he aims to raise \$1bn in the US through a programme of disposals, to cover debts incurred following large US acquisitions last year. Nearly \$400m has already

been realised through the deals announced yesterday and the earlier sale of Macmillan's Michie legal publications division to Mead Data Central. Other Macmillan companies for sale include the Gump's stores and mail order com-pany, the technical echools division, and Katharine Gibbs business schools. The prestigious Berlitz language centres may also be to sold, though MCC has not confirmed this.

### Escalation of the phoney war as the answering salvo is fired Hugo Dixon looks at Plessey's defence document

he £1.7bn battle for Plessey, UK electronics company, is now in the phoney war stage.
Until the European Commission and the UK's Office of Fair Trading decide at the end of next week whether the bid should be delayed on regulatory grounds, progress on the financial front is delayed. In the meantime, the protagonists are putting their efforts into proclaiming or knocking the bid's industrial logic.

GEC of the UK and Slemens of West Germany are arguing that it is important to collaborate on a European scale in the electronics industry to meet the competitive threat from Jepan and the US, and that Plessey is the catalyst for this

Plessey, in its defence document published yesterday, is seeking to show that the logic of the bid is flawed. "GEC and Siemens have wrapped their bid for Plessey in the cloak of the single European market and 1992. All the rhetoric regarding Europe fails to dis-guise the substance of the bid: an old-fashioned carve-up of a competitor," it maintains. Mr Stephen Walls, managing

director of Plessey, makes it clear that he does not oppose collaboration as a matter of

while claiming that Plessey has made considerable progress over the last two years in achieving "commanding posi-tions" in its chosen markets, he accepts that there is still much to do. Plessey acknowledges, for example, that it may need to huild international alliances in telecommunications to spread the high costs of developing new products.

Mr Walls' argument with GEC and Siemens is rather that the particular form of col-

laboration they are proposing is flawed. This argument in itself has three main legs. First is the contention that by tying itself to one group, Plessey will lose the flexibility to make alliances on a sector by sector basis, Mr Walls says that there is no single conthat there is no single com-pany anywhere in the world which would make a magic fit for Plessey. A particular com-pany may be a suitable partner for one sector of Plessey's busi-



Seeking to show the logic of the hid is flawed - Sir John Clark (left), chairman, and Mr Steven Walls, managing director.

ness but not for others. Plessey's defence document lists the series of partnerships it has formed in recent years, including several with the companies that are now bidding for it. The most importantof these is GPT, its £1.2bn joint venture in telecommuni-

cations with GEC. Mr Walls says that Plessey's approach to collaboration in the electronics industries is flexible and entrepreneur-ial. You need a whole armoury

The second leg of Piessey's argument against the bid'e logic is to question whether GEC and Siemens, which it describes as lumbering giants, can be trusted to make the most of the hydrogen Who most of its business. The defence document argues that the technical, operational and financial performances of both companies have demonstrated that scale does not necessarily produce results.

The document also suggests that GEC and Siemens have not thought through how they would manage Plessey. "The bidders' proposals for manag-ing Plessey merit less than half a page in an offer docume 54 pages. This speaks for itself."

The third leg of Plessey's argument is to criticise the specific plans that GEC and Siemens have drawn up. "In searching for a mechanism to skirt regulatory obstacles and to meet claimed European needs, the proposals contradict the bidders' stated intention of achieving advantages of scale."

Taking in Siemens as a partner in GPT would probably result in the telecommunications company being excluded from the West German market, where Siemens is the market leader. "Would Siemens allow GPT to compete effectively at the expense of its own profits?" asks Plessey.

Plessey also criticises the bidders for virtually ignoring its networks and aerospace

its networks and aerospace divisions in their offer document. Plessey says that its networks division is growing fast and could be its largest single business within five years.

However, the company's sternest criticism is reserved for GEC's and Slemens' plans for its defence business. "The structure concocted has everything to do with getting around the Monopolles and Mergers Commission and noth-ing to do with industrial logic," it claims.

Plessey describes as implau-sible the plan to allow its UK defence interests to compete on equal terms with Marconi, GEC's wholly-owned defence business. "is this not indeed a commercial pantomime?"

Plessey also criticises the

bidders' plans for splitting itsinternational defence interests from the UK business. It says it is an integrated company, its businesses feed on each other, and that carving it up would throw away its essen-tial quality.

18 at 18

### S&N says many shares were sold short

By Clay Harris

SCOTTISH & NEWCASTLE Breweries said yesterday that several leading UK equity market-makers had created significant short positions in its shares as a result of sales to Elders IXL on November 10, the day the Australian com-pany's bid for the UK brewer as referred to the Monopolies

and Mergers Commission.

Based on an assessment by Rowe & Pitman, its stockbro-ker, S&N believes that at least half of the 35m shares which Elders bought that day came from market-makers which were selling short - i.e., selling shares which they did not own in expectation of covering them with purchases at lower

prices.
S&N has also discovered that six of its largest institutional shareholders lent a total of 13m shares to help market-makers temporarily to cover their short positions, accord-ing to Mr Alick Rankin, S&N chief executive.

The degree of short selling was expected to become clear after yesterday's deadline for reply to notices S&N has served on 13 market-makers under Section 212 of the Com-panies Act. Recipients of such

REAZER, a UK housebuilding, materials and construction

group, yesterday continued the divestment programme at Kop-pers, the US group acquired for

Beazer has sold Irwindale quarry in California and Thiem

adhesives and sealants, for a combined total of \$67m (£37m).

The latest sale came six days

By David Waller

EQUITIES

13/1

13/1

notices are required to reveal their beneficial interest in a company, although it is not clear whether this applies to

short positions.
As the deadline for reply approached, S&N shares traded yesterday at 400p – Elders' offer price – for the first time since the £1.5hn bid lapsed as the result of the Monopolies reference. S&N shares closed 6p higher at

398p. Mr Rankin sald yesterday that three stockbrokers - Bar-clays de Zoete Wedd, Smith New Court and James Capel had confirmed orally that they were short of S&N stock on November 10. S&N has also focused its attention on County Natwest Securities. subsidiery to Elders' main financial adviser in the S&N bid. County said its reply to the 212 notice was on the way

to S&N. Although it would not be surprising if market-makers went short of stock in such a situation, when they expected a share price to drop in the wake of a lapsed bid, S&N is concerned about the role of brokers with even tangential connections to the Elders' bid.

Beazer sells more of Koppers assets

disposals to £750m;

ave liked to a

after the \$275m disposal of quarry be sold off, lest Beazer

Shares in Low & Bonar, Dundee-based plastics, packag-ing and textiles group, jumped 22p to 227p yesterday on news that Tomkins, ecquisitive industrial conglomerate, had

**LONDON RECENT ISSUES** 

KApolio Metals 10p MApolio Watch Profs. 3g STR Watches Al Bados Group 10p 43 Betacon 10p 43 Betacon 10p

Koppers' tar, wood and coke products business and Pitts-

burgh headquarters, and brought the total raised from

its building materials and ser-vices interests and thus would

dale quarry. However, it was a condition of the hid being suc-cessful that the California

Burn Gres P.E. Carri Yield Ratio

L&B shares jump 22p on news of Tomkins stake

Beazer bought Koppers for



Alick Rankin - three brokers were short of S&N stock

S&N's decision to raise the issue also reflects its desire to demonstrate that key shareholders did not necessarily consider 400p a fair price. On the contrary, Mr Rankin suggests, the fact that the institutions lent — rather than sold — indicated their belief that the shares result on higher the shares would go higher. Yesterday's development is the latest twist in a highly controversial share-buying exercise. In the first hour after

contravene anti-trust legisla-tion because of its existing

Annual revenues for the quarry, which is being bought by the United Rock Products

Corporation, amounted to \$33m. Thiem had net assets of

annual revenues of \$32m, and is being sold to National Starch

and Chemical Corporation, a

acquired a 4.7 per cent stake.

L&B, which has been subject to bid speculation in the past, said yesterday that it discovered the stake — held through

more than six nominee names

- through its regular checks

on the share register. Tomkins, it added, confirmed the size of

the holding earlier this week. News that Tomkins held 2 per

cent surfaced last April, hut L&B said it believed some of

the additional shares were

acquired late last year. Yesterday, Tomkins refused

to comment on the L&B

announcement, or even to con-firm the existence of the stake

below the disclosable level.

West Coast interests.

subsidiary of Unilever.

approximately

### W Canning expansion

By David Waller

W Canning, Birmingham-bases w Canning, Birmingham-based speciality chemicals manufac-turer and industrial distribu-tion group, is buying the Gam-len speciality chemicals husinesses in continental Burope and North America for

Chemicals.

The deal is to be financed with the first vendor placing of 1969 and is supported with a forecast that Canning will prove to have made pre-tax profits of no less than £6.7m in 1988, up from £3.2m in 1987. The final dividend will be 5p, making 6.5p (5.3p).
Following a recent restructuring, the Gamien businesses
are grouped into seven divi-

sions, six in Europe and one in the US. Collectively, they made a profit before tax and management charges of £575,000 in 1988, on turnover of £9m.
The vendors will receive cash from a placing of 2.68m new shares. These will be available to existing shareholders on the basis of 1 new share for every 6.81 already held. The

shares are being placed at 185p each, a 9.7 per cent discount to

the opening price of 203p. The shares closed 6p down at 197p.

### Travis Perkins advances 41% to £8.68m halfway

IN THE first set of results to be published since Sandell Per-kins won its bid battle to merge with fellow huilders' merchant Travis & Arnold in October, the renamed Travis Perkins has reported a 41 per cent increase in pre-tax profits for the six months to the end

of September.
The taxable figure moved ahead to £8.68m (£6.16m) and was struck on a 25 per cent rise in turnover to £89.97m (£71.83m). As these results relate to e period prior to the merger, they do not include any contribution from T&A. interest payable advanced to £334,000 (£120,000) and tax to £2.95m (£2.2m), after which earnings were up at 12.9p (9p). A special interim dividend of 1p for the nine months to

December 31 1988 was paid to

Sandell shareholders as part of the merger arrangements. This

compared with 1.6p paid for

the six months to September 30 1987. The company is to change its year-end to December 31 and, when it prepares results for the nine months to that date under merger accounting principles, intends to pay e final dividend of not less than

Mr Tony Travis, chairman of the combined group, said that the integration of the two companies was proceeding satisfac-torily and that the group's markets continued to be active. He warned however that if the current level of interest rates was maintained, demand

would slow. Sandell's offer had been con sistently lower than that of Meyer International, T&A's other suitor, but 38 per cent of the T&A equity, owned by Mr Travis, at that time T&A chairman, and the Travis family had been pledged to Sandell at the outset of the bid.

### **Ibstock expands brick** output via US purchase

By Andrew Hill

IBSTOCK JOHNSEN, a brick and pulp manufacturer, has added a further 100m bricks a year to its output in the US by acquiring Midland, a group of clay brick manufacturers, for up to \$20.25m (£114m) in cash. The deal takes listock into mid-west America. At the moment its US operations are concentrated in the north east of the country.

Mr Ian Maclellan, Ibstock's

joint managing director, said yesterday: "We do not want to be in any way hemmed in. We want to be able to move product between those two mar-

Ibstock – the fourth largest hrick manufacturer in the US, with an annual ontput, including Midland's production, of 700m hricks - has also bought a concrete block and masonry distribution business, Gomoljak, based in Annapolis, Maryland, for \$2.8m in Mr Maciellan said Ibstock would probably not buy any

more hrick manufacturers in the US, unless a special opportunity arose.

However, he added that the group was interested in expanding its concrete products operation to meet growing demand in the US, which is behind the UK in the use of

block paving. The new companies will join listock's US subsidiary, Glen Gery, which operates 11 brick plants, and three concrete

product plants.
Midland, which has two factories in Iowa and one in Missouri, is being bought for \$17.9m, with a further \$2.95m payable depending on how far Midland exceeds the 1987 pretax profit figure of \$2.3m, in

### The laying of new tracks to bolster investment trust appeal Nikki Tait looks at the possibility of indexation at New Tokyo

#### FIXED INTEREST STOCKS Closing Price £ Amount Paid op High Low RIGHTS OFFERS Closing Price p Amount Latest Paid Renonc up Date 25m 10pm 6pm 2pm 2pm 14pm 4pm 2½ 13pm 169m 8pm 49m 14pm 25pm 25pm 35g 2/2 3/2

TRADITIONAL OPTIONS

Calls in Blue Arrow, Copson, Eurotunnel Units, Prudential, Rosehsugh, Pacific Sales, Benlox, Inoco, Era, Charterhalf. Puts in Body Shop, Eurotunnel Units and Wrnts. P/C in Eurotunnel Units First Dealings For rate indications see end of

As Hogmanay ehhs from Edinburgh's Mel-ville Crescent, another bout of investment trust-busting looks set to occur on Monday afterset to occur on monoay after-noon — on this occasion, at the £73m New Tokyo Investment Trust. The difference is that this time the aggressor's aim is more innovatory: the creation of the sector's first fully-in-dexed fixed.

dexed fund. Indexation, where constitutent stocks are selected so that performance of the resultant performance of the resultant fund tracks a more general market indicator, has long been mooted as one possible solution to the £20bn investment trust sector's problems.

Those sector's problems have been well-aired. They bings on a general over symple. hinge oo a general over-supply of trust ahares relative to demand, so that share prices of most funds trade at well below the value of their underlying assets. This structural "discount" has, in turn, provoked waves of predatory action. Aware of the problems, various solutions have been anggested, ranging from attempts to boost private investor demand, to cunning repackaging of investment trust shares. Indexation — which, in theory, should create a vehicle with more appeal to investors — is one of these possibilities.

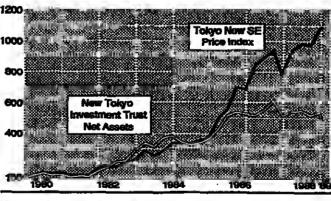
To date, there has been only one recent step in this direc-tion. Another Scottish house,

Ivory and Sime, offered an innovative new fund, Selective Assets, in a complex reorgani-sation scheme last February. Part of its initial capital was in the form of "index loan stock" precisely matching the London

The proposals for New Tokyo – managed by Edin-burgh Fund Managers and cur-rently specialising in small to medium-sized Japanese compa-nies - are rather different, nies – are rather different, however. They come from London and Bishopsgate Holdings, a fund management business owned principally by publisher Mr Robert Maxwell (75 percent) and Lord Donoughue, the one-time government policy adviser who became head of international research at stock-brokers Kleinwort Grieveson. brokers Kleinwort Grieveson. LBH is itself a newcomer, set

up in 1988 with the aim of spe-cialising in asset allocation and index modelling. By end-No-vember LBH claimed to have \$300m under management, of which 70 per cent was on an indexed basis. The indexation methods

were developed by two other board members — Mr Larry Trachenberg and Mr Andrew Smith, previously lecturers in political economy at the London School of Economics and Content University represcriptly. Oxford University respectively. The duo founded a research company called Global Asset Systems, specialising in index-What LBH wants to do with



New Tokyo is, in theory, straightforward. Its portfolio, via a programme trade, would be reduced to 60 stocks, picked with the aim of tracking the Tokyo First Section index (itself covering over 1,100

stocks).

Selection of those shares would follow normal GAS methodology. Shares would be size-ranked, by market capitalisation and then by turnover; screened for liquidity; and, finally, picked to give an industrial breakdown similar to the market index. market index.

On the way, management of the trust would shift from EFM to LBH - which would receive total annual fees equivalent to 0.65 per cent of total net assets, marginally less than the cur-rent 0.75 per cent charged by EFM. After 1990, shareholders

would have an annual chance to vote the fund into liquida-tion if the average discount exceeded 8 per cent in the last twelve weeks of New Tokyo's preceding financial year. Some eyebrows, however,

have been raised at LBH's aim of tracking the Tokyo First Section with just 60 stocks. In general, indexation purists suggest thet the number of stocks in a tracker fund might be expected to total a third of the number of stocks in the index itself.

Moreover, some theoretical

Moreover, some theoretical back-calculations by LBH, reviewed by Coopers & Lyhrand, have snggested a tracking error of 6.7 per cent between 1983 and 1987, though a reduced figure of 3.8 per cent in the first 11 months of 1988. Index experts tend to look for

level proposed – which, they suggest, is high given the lim-ited burden of an indexed port-

To such criticisms, LBH argues that it is looking at the subject from a user's viewpoint. It concedes that it is giving up some theoretical accuracy by the very limited portfolio but claims that this is portrono our ciaims that this is more than compensated for by lower administration/dealing costs involved in handling just 60 liquid stocks. It also sug-

costs involved in handling just so liquid stocks. It also suggests there may be room to reduce fees further later on.

The scheme has met a rather low-key opposition from New Tokyo itself, which recommends that the trust retain its existing investment policy. It is, nevertheless, also offering shareholders a rival proposal which requests the board to draw up a unitisation scheme (te turning the investment trust into a unit trust where price is directly related to underlying assets).

So what is the likely outcome? Both proposals, which are being put to shareholders at an egm on Monday, require 50 per cent approval. About 90 per cent of New Tokyo's shares are owned by institutions, and LBH has built up a 27.61 per cent holding. It has alreedy claimed additional indications of support taking it over 40 per

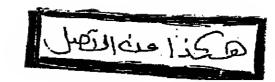
claimed additional indications of support taking it over 40 per cent of New Tokyo shares, and

tracking errors of 0.25 to 0.5 says the position has per cent. Another complaint "improved" - hy an undisfrom analysts concerns the fee But for shareholders who simply wish to cash in their chips, unitisation could look e tastier option. Typically, such plans allow an exit at around 95-96 per cent of net asset value. By contrast, LBH estimates the costs of restructuring New Tokyo's portfolio at less than 2 per cent of the then net asset value, and might have to pay a termination fee to EFM - a maximum of 2.25 per cent of assets. The popularity of New Tokyo in indexed form is an unknown: analysts tentatively suggest that it might trade at a discount of around 5 per cent — though snhject to fluctuations. In short the suggest proper short, the current price, repre-senting a discount of about 9 per cent, may not be too far adrift from that which the indexation scheme would

achieve.

The problem with voting for unitisation is thet actual implementation of any scheme would require approval from a 75 per cent majority.

But whatever the fats of New Tokyo, few analysts expect this to be the last move to produce in the investment trust sector. investment trust sector. Already, some anxious eyes have been directed et the burst of unit trust "tracker funds", fully awere that in many respects a closed end vehicle is more suitable



#### **MARKET STATISTICS**

#### FT-ACTUARIES SHARE INDICES QUARTERLY VALUATION

The market capitalisation of the the groups and sub-sections of the PT-Actuaries indices as at December 30,1988 are expressed below in millions of pounds and as a percentage of the All-Share Index. Similar figures also provided for the two preceding quarters.

·	<u> </u>							
	RQUITY GROUP  & SUB-SECTION (Figures in purerishness denote number of stocks)	S	Market capitalisation as as Dec.30, 1988 (£m.)	% of all share Index	Market capitalisation as at Sep.30, 1988 (£m.)	of all share index	Market capitalisation as 4 Jan. 30, 1988 (Em.)	% of all share index
Satanabauxususususususususususususususususususu	CAPITAL GOODS CROUP Building neutorials Contracting, Construction  Electricals Electricals Microsoft Engineering Microsoft Microsoft Engineering Microsoft	2099 229 239 249 259 259 259 250 250 250 250 250 250 250 250 250 250	66,942.4 12,011.3 6,846.0 2,854.0 11,369.5 14,460.5 14,472.5 16,446.9 10,646.9 11,496.2 11,496.2 11,496.5 11,721.1 3,666.1 3,666.1 4,141.0 12,276.0 12,276.0 12,276.0 11,156.4 12,276.0 11,156.4	18.71 1.36 1.68 1.14 1.14 1.14 1.14 1.14 1.14 1.14 1.1	65,564.8 12,500.3 7,111.4 3,004.1 13,983.2 11,352.7 2,339.8 4,532.9 10,740.4 111,984.4 117,644.7 16,368.3 11,797.6 20,653.4 10,996.8 3,447.2 8,977.9 18,344.8 3,473.7 65,703.2 5,263.2 12,617.1 11,070.7 6,560.0 18,616.4 11,556.8 243,252.4	10.13 1.457 1.683 3.874 0.625 2.975 4.892 1.267 1.277	64,682,5 12,458,4 7,015,8 2,633,4 14,333,6 10,977,2 4,320,0 10,501,0 10,501,0 115,396,1 115,396,	17.55 3.39 0.77 3.98 1.17 3.147 5.20 2.58 3.147 5.20 2.58 1.55 1.55 1.55 1.55 1.55 1.55 1.55 1
51	OH and Eas	(12)	38,515.5	10.76	243,222.4 39,119.9	67.24 10.81	248,004.7 40,348.9	67.35 10.96
59	500 SHARE INDEX		279,761_8	78.19	282,372.3	78.05	268,353.6	78.31
48849888B	FINANCIAL GROUP  Banis  Hourrance G.Se  Hourrance Competite  Hourrance Groups  Hourrance Groups  Hourrance Groups  Herchant Banks  Property  Other Financial	3886CC3988CC	56,188.4 17,912.8 6,231.2 8,756.3 1,707.6 2,499.4 14,524.0 4,558.1	15.70 5.00 1.74 2.45 0.48 0.70 4.06 1.27	56,822.6 17,800.6 7,436.6 8,823.3 1,753.9 2,627.1 13,767.5 4,633.6	15.71 4.92 2.06 2.43 0.48 0.73 3.81 1.28	58,711.5 18,035.5 7,867.9 8,545.6 1,832.0 2,798.2 14,366.1 4,916.2	15.94 4.90 2.14 2.41 0.50 0.76 3.90 1.33
五	Investment Trusts Attaing Finance Oversus Traders	(76) (2) (8)	11,615.7 6,041.6 4,192.1	125 127	12,041,9 6,379.6 4,149.4	3.33 1.76 1.15	12,050.3 5,478.0 3,630.0	3.27 1.49 0.99
99	AL1-SHARE INDEX	(713)	357.799.6	100.0	361,765.8	100.0	368,223.4	100.0

BANK	RETURN		BAS	SE LENDING RATES
AKKRA DEPARTMENT	Wednesday January 4, 1989	Increase or decrease for week	ARM Bank 13	City Merchanis Bank 13 Nat Westminster
ABILITES			Adam & Company 13	Challentale Rank 13 Kerthera Rask I trl
wital	14,553,000		AAB- Allied Arab 8k 13	Comm. St. N. East 13 Korwich Gen. Trest
blic Deposits	94.212.268	+ 1,274,450	Aillied Irish Bank	Co-operative Bank *13 PRIVAThanken Limited.
rokers Deposits	1,304,623,842	60,526,528		
serve and other Accounts	1,780,567,269	- 26,434,764	Henry Anshacher 13	
	-1-001007   000		ANZ Banking Group 13	Cyprus Popular Bk 13 R. Raphael & Sons
	3,193,956,379	- 85,686,833	Associates Cap Corp 12	Doober Bank PLC
		,,	Anthority Bank 13	Danscan Laurie
SSETS .			B & C Merchant Bank 13	Engatorial Bank plc 13 Regal Trust Bank
overnment Securities	853,342,401	- 28,440,000	Bank of Baroda	Exeter Trust Ltd
tvance and other accounts	894,397,881	+ 261,517,230	Banco Bilhan Vizraya _ 13	Financial & Gen. Bank., 13 Standard Chartered
emises Equipment & other Secs	1,434,433,038	- 196,690,067	Back Users II	
7106	11,500,640	+ 4,948,752	Bank Hapoalim	First National Bank Pic. 14 TSB
on	282,439	- 37,748	Bank Leami (UIO 13	<ul> <li>Rubert Fleming &amp; Co 13</li> <li>United Bk of Kowait</li> </ul>
		AT 455 455	Bank Credit & Comm 13	Robert Fraser & Plars. 134 United Mizzahi Bank
	3,193,956,379	- 85,886,838	Bank of Cyprus 13	Gireback 13 Unity Trust Back Pic
			Bank of Ireland 13	● Gaioness Malion 13 Western Trust
SUE DEPARTMENT			Bank of India 13	HFC Bank plc 13 Westpac Bank Cerp
ABILITIES			Bank of Scotland 13	Hambros Back 13 Whiteaway Laidlaw
tos in circulation	15,118,499,380	- 984,948,752	Banque Belge Ltd	Heritable & Gen law Bink 13 Yorkshire Bank
otes in Banking Jopertment	17,600,640	+ 4,948,752	Barciays Bank 13	O Hill Samoel
1.	16,130,000,000	~ 980,000,000	Beochmark Bank PLC 13	C. Houre & Co
-			Berliner Bank AG	Hornstong & Sharosh 13 Banking & Securities
SETS	44 545 455		· Brit Bk of Mid East 13	● Leopold Joseph & Soos 13 Association, ® Deposit now!
overnment Debt	11.015,100	0.000.000.000	Brown Shipley 13	Lloyds Bank 13 Savewise 8.47%.
her Governmet Securides	7,778,694,325	- 2,992,346,231	Business Mitge Tst 1312	
her Securities	7,340,280,375	+ 2,012,345,231	CL Bank Mederland 13	McDonnell Douglas Bok 13 11.72% & Mortgage base
-	45 450 000 000	- 980,000,000	Central Capital 13	Middand Bank 13 Demand denosit 8%. Mo
	15,130,000,000	- 800,000,000	Ckarterboyse Bank	
			Citibaak NA 13	Micanit Bolig Corp 13
EUROPEAN OP	TIONS EYC	HANGE		Hat Bk. of Kuwait
This prod Of	TIVITO EXC	ALTERNATION .	i	

												DIC						
These indices are the joint compliation of the Financial Times, the institute of Actuaries and the Faculty of Actuaries																		
EQUITY GRO		F	rida	, Jan	uary (	5 1989	9	Jan 5	Jan 4	Toe Jan 3	Year ago (approx			Highs	and	Lows Inde	ex.	
& SUB-SECTI				Est	Gross o iv. Yleid%	開	xd adj. 1989		<del>                                     </del>		<u> </u>		100	0.000			Since	
Figures in parenthese number of stocks per		index No.	Day's Change	Yield? (Max.	(25%)	니(에만)	1989 to date	index No.	Index No.	ladex No.	Index No.	H	igk 136	8/89 Lou	,	i Righ	ompilati 	oo Low
1 CAPITAL GOODS		794.83 958.50	+8.7 +8.3	11.78			8.08		783.37 949.76	775.54 939.06	748.74 990.63		1 /11/88 5 /8 /88			1038.07 16/7 1381.08 16/7		9.71 11/12/ 4.27 11/12/
3 Contracting, Construct	ice (39).	1492.34	+0.7	13.2	4.00	9.81	9.60	1481.13	1474,77	1468.31	1426.94	1627.49	11/15/88			1951.50 16/7		1.48 2 [12]
4 Electricals (10) 5 Electronics (30)		2319.86 1844.62		9.34			0.00	2314.24 1825.30	2306.44	2294.38	2046.70	2448.04	23/11/88 6 /1 /89	1946.87 6 1423.66 9		2733.45 20/7 2236.70 17/7		14.71 25/6 / 19.01 8 /10/
6 Mechanicai Engineerin	g (55)	415.20	+8.8	11.47	4.58	18.62	0.60	1 412.81	489.82	486.34	390.16		0 /8 /85	367,20 8		544.57 14/10	/87 4	5.43 5 /1 /
8 Metals and Metal Form 9 Motors (17)		461.95 263.71	+1,2	16.70			0.00						8 /11/88 18/3 /88	424,49 1 254,89 1		596.67 9 /10 411.42 13/10		19.65 6 /1 / 19.91 6 /1 /
O Other Industrial Mater	lais (23) 🎝	1338.85	+8.A	10.18	4.66	11.61	8.00	1334.14	1326.02	1311.63			1 /11/88	1191.01 0	/2 /88	1736.88 22/9	/87 27	7.55 15/1 /
1 CONSUMER GROUP		1834.52 1238.95		9.97			8.07 Q.88	1027.51	1022.67	1016.74	1030.82		8  8  98 24/10/86			1486.32 16/7 1269.35 16/7		3.41 13/12/ 9.47 13/12/
5 Food Manufacturin	g (21)	942.84	+8.3	9.68	4.08	12.97	0.00	939.71	933.71	926.04	840.65	1916.66	1 /8 /88	893,48 6	/4 <b>/88</b>	1092.25 16/7	/87 5	9.67 11/12/
6/ Food Retailing (1: 7/ Health and Househo		1807.76 1826.62	+2.4	9.92 7.35		13.26 15.59	0.00	1807.43 1887 12		1784.64 1778.29	2065.00	2179.42	10/3 /82 19/10/88			2649.96 16/7 2699.85 16/7		4.25 11/12/ 5.38 28/5 /
9 Leisure (32)	b	1359.41	+0.3	8.61	3.72	14.81	0.00	1354.99	1347.53	1346.22	1164.78	1433.24	8 /11/88	1142,19 4		1504.79 13/10	/87 5	4.83 9 /1 /
1 Packaging & Pape 2 Publishing & Printin		536.38 1275.75	+1.3  +0.7	10.39		11.97	0.06 8.60	529.60 3254.53			516.51		19/10/88 8 /8 /88	473.11 6 3091.72 14		739.48 16/7 5070.66 5 /10		3.46 6 /1 / 5.68 6 /1 /
4 Stores (34)		690.68	+1.0	12.32	4.98	10.67	0.00	683.72	684.29	679.97	831.96	859.35	28/1 /88	658.79 9	/12/88	1160.58 29/7	/87 5	2.63 6 /1 /
5 Text#es (15) 0 OTHER 6200PS (	91)	476.44 910.15		14.51 11.51	5.95 4.73		0.00				597.87 865.98		27/4 /88 1 /11/88	432.61 14 234.42 0		914.52 2 /10 1192.48 8 /10		2.66 11/12/ 8.63 6 /1 /:
Agencies (18)	þ	1060.79	+9.6	7.09	2.77	13.88	8.00	1054.12	1943.87	1030.84	1106.69	1219.02	18/3 /88			1795.57 17/7		0.35 4 /12/
2 Chemicals (22) 3 Congtomerates (12		1855.46	+1.2 +8.8	12.16 11.53		0.91 19.66	9.00 0.00	1042.64 1270.59	1036.05	1026.37	1117.52	1121.66	6 /1 /88	971.71 5		1545.46 5 /10		1.20 1 /12/
Shipping and Transpo	rt (12) 🗗	1878.00	+1.5	10.59	4.44	12.34	0.20	12858.80	11836.25	1844 30	11.776_6S	1942 54				1547.01 0 /10 2497.85 16/7		5.19 10/11/ 6.60 29/6 /
7 Telephone Networ 8 Miscellaneous (25		1011.26 L188.82	+0.2	11.62		11.19 9.40	0.00	1809.10 1183.56	1006.18	1002.43	891.77	1011,82	1 /7 /88	\$89,24 12	2/1 /88	1274.14 9 /6	/87   51	7.92 30/11/
INCUSTRIAL EROUP		953.27	+0.7	10.89		11.35	0.00				923.96		0 (8 /88			1773.70 5 /10 1268.86 16/7		0.39 6 <i>[7  </i> 9.01 13/12/
0il & Gas (13)	_	1736.90	+8.6	10.62	_										_	2458.68 16/7		7.23 29/5 /
500 SHARE INDEX		1019.89	+0.7	10.85	_	11.44	8.00			1002.81	795.48		8 /8 /88	958.79 5	_	1369.88 16/7	_	3.49 13/12/
FINANCIAL GROUP	0.271	677.75	+0.4	91 95	5.23 6.58	7.0	0 <b>.9</b> 0		1				14/6 /88	630.02 0		896.67 13/18		5.88 13/12/
2 Banks (8) 5 Insurance (Life) (8	5	667.13 937.36	+0.0	21.25	5.75	6.31	6.00				669.58 985.34	701_86 1098_17	26/16/88 1 /5 /88	610.26 7		898.38 16/7 1285.72 0 /10		2.44   12[12[ 4.88   2   1   7
Insurance (Composit	ම (7)	538.73	-0.6		5.89	استدا	0.00	534.02	532.95	528,72	508.11	567.92	10/6 /88	481.43 D	/2 /88	707.58 13/10	/87 4	3.96 13/12/
7) Insurance (Brokers 3) Merchant Banks ()		943.78 322.22	+0.6	9.28	6.89 4.65	13.47	0.00 0.00		923.72 318.45	914.68 318.05			27/6 /88 9 /6 /88	823,41 6 309,82 13		1399.56 17/7 547.59 12/10		5.86 16/12/ 1.21 7 /1 /
Property (54)	1	212.22	+0.3	5.85	2.77	21.79	9.60		1206.76	1198.13	1011.17	1318.34	23/11/88			1174.86 16/7		6.01 20/4 /
Other Financial (3	_	345.63	+0.2	18,13	5.79 3.25	12.32	0.00	_	344.49		-		22/3 /88	340,50 14			_	3.29 17/12/
Investment Trusts Mining Finance (2)		932.73 572.07	+0.5 +0.7	10.69	3.66	10.43	6.09		923.72 569.48	922.84 561.50	827.84 455.75		0 /11/88 21/9 /88	784.71 4 385.84 8		1207.90 5 /10 727.93 3 /8		1.12 11/12/ 6.31 30/9 /
Overseas Traders (8	30 17	291.82	+1.3	9.87	_	12.70	8.00		1275.45	1273.76	994,16	1447.77	7 /11/88			1447.77 7 [1]		7.37 6 /1 /
ALL-SHARE INDEX	(713)	935.77	+9.6	-	4.67	-	8.60	-	726.49	921.22	904.43	978.58	8 /8 /68	878,10 8	/2 <b>/88</b>	1238.57 16/7	/87 6	1.92 13/12/
		No.	Day's Chaege	Day's High (a)	Day's	Jan   5	Jan 4	Jan 3	Dec 30	Dec 29	Year	ł					1	
FT-SE 100 SHARE IN	DEX4	1811.3	+11.8	1811.4	1797.6	1799.5	1793.0	1782.8	1793.1		1773.A	2443.4	16/7 /27	1565-2 9	/11/87	2443.4 16/7	187 9	86.9 23/7 [
FD	(ED	INT!	ERE	ST				VERAG			П	Fri Jan	Thu Jan	Year ago	-	198	8/89	
		-					_	British Go			-+	6	5	Capprox.		High		Low
PRICE INDICES	Fri Jan	chan		lan	xd adj. today	xd adj. 1989	1 7/1	LOW		5 years		9.45	9.48		10	54 14/12/88	8.3	38 18/4 /8
-1	6	%		5		to date	20	Coupons		5 years 5 years		9.05	9.15 9.06		9	.03 13/1 /88	8.9	90 18/4 /8
British Government	1		- 1	1				Mediam		5 years,		10.68	10.68	9.76	10	.57 13/1 /88 .94 14/12/88	8.	82 18/4 /8 75 18/4 /8
5 years	118.1	_		8.29	0.23	6.23	ואו	Coupons	1	5 years 5 years		9.74 9.29	9.75 9.31	7.91	10	.01 13/1 /80 .79 13/1 /88	9.	12 15/3 /8 99 14/3 /8
5-15 years	133.2			3.11	-	0.08	1 413	High '		5 years		10.92	10.93	9.74	11	.06 14/12/88	8.1	84 1 <i>8/4 /</i> 8
Over 15 years	145.8	_		5.61	-	0.00		Coupons		5 years, 5 years		7.88 7.23	9.89		10	16 13/1 /RR	9.	26 15/3 /8 03 15/3 /8
Irredeemables	167.9			7.48	0.66	0.00		rredeema	bles		1	9.84	9.27 9.06		10	.82 13/1 /88 .89 2 /9 /88	8.	65 18/4 /8
Ledex-Linked	1	3 10	-		0.00		1	index-Lin	ked						-			
5 years	130.13	3 +0.5	30 12	9.73	-	0.60	12 1	nflation (		Over	5yrs	3.73 3.75	3.84 3.78	3.08 4.17	3	.87 4 /1 /89 .27 13/1 /88	2.0	09 30/3 /8 53 8 /11/8
Over 5 years	127.3	0 +0.4	54 12	6.61		0.00	13 1	nflation p	ate 10%		5 yrs	2.53	2.63	3.58	3	<b>.59 13/1 /88</b>	1.0	B9 30/3 /8
All stocks	127.3	2 +0.5	52 12	6.66	- '	0.00	-	offation o	are 10%		5 yrs	3.59	3.62		4	37 13/1 /88	3.	37 8 /11/8
Debenfares & Louis	215.97	7 +0.0	14 11	5.92		0.18	16	beles &. Leans		5 yea 15 yea	rs	11.65 11.28	11.69 11.29	11.05 11.02	;;	.82 28/9 /88 .41 28/9 /88	10.	16 24/5 /8 51 19/4 /8
Preference	86.30	-	_	6.47	_	0.08	17			25 yea	rs	18.95	10.95	11.02	11	.21 2 <i> 9  </i> 88	197	53 19/4 /6
nuine Index 7 700 1-1	10 200 70	200 2-1	lars T	202 2	Naa- **	04.2.3	,	reference		0. D		10.40				84 4 /1 /88		54 22/6 /8
pening Index 1798.1; Egalty section or gro	9P B	sase datu	6 525	S ASTERS		FUMITY 5	ection (	01 <b>(87</b> 610)	1500	ie date	Base va	Fire .	10,3; 4.0: Equit	5 pm 1810 / section or	.3 (a) groun	4.59pm (b)		value
encles		31/12/8 31/12/8	36 1	114.07 114.07	Ove	rseas Tra chanical	iders		31	/12/74 /12/71	100	0.00	Mining F	nance		29/12/6	57	L00.00
ephone Networks	********	30/11/9	34	517.92	tori	estrial Co	Oten		- 31	/12/70	128	3.20	British Go	vernment.		31/12/7	75	100,00 100,00
ctronics	S	<b>30</b> /12/6 31/12/6	30	646,65 287,41	Oth For	er Finan d Manuf	actoria	·	25	//12/7 <b>0</b> //12/67	114	1.13	Do, Inde	ex-linked ans	******	30/4/8	32	100.00 100.00
alth/flousehold Produc	ts	30/12/7	77	261.77	Foo	d Retail	ng	J	2	112/67	114		Preference	Chr.	*******	31/12/	ń '	76.72

#### ECONOMIC DIARY TODAY: International chemical arms conference opens in Paris (until January 11).

68 48 1.7 27A 61 -46 7.9 10.0 -43 43 8.6 44 122 9.4 15.7 29 127

7.1 4.0 2.0 36.0 2.8 13.3

10.7 -2.9 10.1 7.4 6.2 9.4 4.6 67.9

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Trade and industry gives figures for retail sales (November-final), credit business (November), and producer price index numbers (Decambar-provisional). Tha (Decambar-provisional). Tha Department of tha Environment issues statistics for housing starts and completions (November) and alum claarence 1987/88 (provisional). Mr Ronald Reagan, President of the US, submits Federal budgat to Congress. Centrel bankers from the group of tan industrial nations meet in Basia at the Bank of Intarnational Settlements. Italian wholesale prices. British Rail Intends to impose a package of pay-related measures on its staff.

TUESDAY: Mr Halmut Haussmann, West German Economics Minister, is expected to present proposals to the West Garman Cabinet. European Commission Central Bank governors meet in Basie, including Delors committees on monetary union. House of Commons returns from Christmas recess. Clapham Junction rail crash inguity preliminary bearing crash inquity preliminary hearing will be held at Central Hall, West-minster. Swedish national budget.

WEDNESDAY: Department of Energy publishes advance energy statistics for Novembar. The Department of Employment issues figures for overseas trevel and touriam in October. US seventouriam In October, US seven-year Treasury note auction. Span-ish unemployment figures. Euro-pean Communities and Centra for Economic Poticy Studies hold lunchtime meeting "Can the Euro-pean monatary system aurviva 1992"? In London. Hanson annual

THURSDAY: Bank of England's quartarly 'enelyais of bank advances in November. Lonrino is seeking judicial reviews of Lord Young's decisions to delay the publication of the Inspectors report on the acquisition of tha House of Freser by the Al Fayed brothers and not to reter the acquisition to the Monopolies and Mergera Commission. TUC launches nationet health end safety inspection week. TSB publishes preliminary figures.

FRIDAY: Usable steel production (December). Finished steel consumption end stock changes (third quarter-final). US advance retait sales (December), producer price index. The Office of Fair Trading is due to advisa Lord Young whether to refer the bid by Genaral Electric of the United Kingdom and Stemens of West Germeny for Plessey to the Monopolies end Mergars Commission; the European Commission has promised to make a ruling at around the same time.

### WORLD

The Financial Times proposes to publish this survey on:

Wednesday, 22nd March, 1989

For a full editorial synopsis and advertisement details, please contact:

BRIAN **HERON** or PHILIP **DODSON** оп 061 834 9381 (telex 666813)

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FINANCIAL TIMES

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Jan. 1481/1490 +2 | Jan. 1813/1823 ÷3 | Jan. 2196/2208 +9 Mar. 1495/1503 +1 | Mar. 1830/1840 ÷3 | Mar. 2208/2220 +8 Prices taken at 5pm and change is from previous close at 9pm

W	nich	company
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- ...is selling luxury flats in Wimbledon?
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#### INTERNATIONAL COMPANIES AND FINANCE

### Share purchases soar as LVMH battle resumes

By Paul Betts in Paris

THE BATTLE for control of Moët Hennessy-Louis Vuitton (LVMH), France's leading champagne, cognac and huxury products group, has erupted again after a brief truce, sending LVMH's share price to new heights ou the Paris bourse.

Having risen by 20 per cent on Thursday, LVMH shares had another traumatic session yesterday, rising steeply before falling back on profit-taking. At one stage they touched FFr4,720, against FFr4,140 at the close on Thursday. They eventually finished FFr41 lower at FFr4,100. During the last few sessions, about 4 per cent of LVMH shares have

changed hands.
The renewed burst of activity prompted Mr Bernard Arnault, the chairman of Financière Agache which with its partner Guinness has become the largest shareholder in the luxury goods group, to announce that he had negotiand a secret pact with Moët-Hennessy family shareholders. The agreement gives Mr The agreement gives Mr
Arnault pre-emptive rights on
the shares held by the family
members, accounting for about
14 per cent of LVMH capital.
Mr Arnault, together with
Guinness, controls about 38 per
cent of LVMH shares on a fully
diluted basis. The agreement diluted basis. The agreement with the family members would thus ensure him major-ity control of LVMH.

Mr Arnault's decision to disappears designed to signal to any potential hostile party his resolve to remain a dominant shareholder in LVMH. Indeed, Mr Arnault and his British partner are understood to have bought additional shares in recent sessions, although other investors have also been actively having.

actively buying.
The surge in LVMH share activity has prompted the group to announce with unusual speed its provisional financial results for 1988, showing a 50 per cent rise in net earnings to FFr1.95bn (\$318m) on a 23 per cent rise in sales to

The announcement appears to be aimed at defusing possi-ble insider trading allegations at a time when the bourse has been shaken by a number of hig scandals.

The expectation of strong figures for 1988 has helped underpin the sharp rise in LVMH shares. But the latest manoeuvres

around LVMH are mostly seen as a new chapter in the battle for control of the company whose main shareholders are divided into three camps — the Moët-Hennessy families, the Louis Vuitton clan led by Mr Henri Racamier with about 23 per cent, and the Agache-Guinness partnership. Market report, Page 13

### Chemical responds to Minorco loan critics

By Karen Zagor in New York

CHEMICAL BANKING, the fifth largest US bank group, has said that in future it will not provide funds to companies coutrolled by South African land."

had we known that this was the position of the (pension fund's) trustees. We will not again enter into this type of land." not provide funds to companies coutrolled hy South African investors. It was responding to critics of its role as a key financier of Minorco's £2.9hu (\$5.2bn) hostile bid for Consoli-dated Gold Fields.

Minorco is a South Africancontrolled investment com-pany while Gold Fields is a UK-based company with big mining interests in Sonth Africa. Minorco's bid lapsed automatically last October after the offer was referred to the UK Monopolies Commis-

Among the strongest oppothe New York City Employees Retirement System, which holds 230,000 shares in Chemical. In a recent letter to Mr Harrisou Goldin, New York City Comptroller, Mr Walter Shipley, Chemical's chairman, said: "We would not have entered into this transactiou

employees last October that the bid did not violate the company's own anti-apartheid policies, dating from 1974. Minorco has no South African operations and it planned to divest Gold Fields own if it

man for Mr Goldin, said the city was satisfied that Chemi-cal Bank would not initiate any funding for a South African or a Sonth African-controlled company "no matter what flag of convenience that

the city would not sell its Chemical stock. "We cannot ask them to break obligations that they have entered into under US law," Mr Lukomnik

#### Concern in Japan over financing of buy-outs

By Patti Waldmeir in Tokyo JAPAN'S regulatory authorities yesterday expressed concarn about the risks involved in financing leveraged buy-outs, as the country's commercial banks finalised decisions on whether to help fund Kohlberg Kravis Roberts' \$25bn buy-out of RJR Nabisco, the US food and

ohacco group. Bank of Japan and Ministry of Finance officials were at pains to stress that they had no specific objection to the Nabisco deal and were leaving banks to take their own com-

"But in general, we have become concerned about the risks involved in this form of finance," a Bank of Japan official said. "We are worried that LBO finance could prove the next big problem for the banking community.
We don't want this to

become like the Third World debt problem," he added. Officially, the Ministry of Finance would only admit to being "interested" in develop-ments in the field of LBO finance, and was scrupulous to avoid any suggestion that it would intervene in any particular case.

However, suggestions from top ministry officials that Jap-anese financial institutions should look to the soundness of their business in this matter will not have been lost on bankers as they approached yesterday's initial deadline for participation in the Nabisco

deal.

There were reports that 10 Japanese banks had decided to lend \$5.15bn to KKR. In New York yesterday, KKR would not confirm this, but said fin-ancing for the deal was pro-ceeding "as well or better than expected."

Mr Henry Kravis, a KKR partner, visited Tokyo last month to solicit the assistance of about a dozen Japanese banks in funding the buy-out. However it seemed unlikely

yesterday that the success of the Nabisco deal would be sub-stantially jeopardised by expressions of official concern in Tokyo — especially given that a Ministry of Finance review of the deal concluded that there was no serious reason to object to it on grounds of risk.

One banker pointed out that many Japanese financiers were already rather uncomfortable with the ethic under-"our culture is not very com-patible with the buying and selling of companies as though they did not involve human beings."

However, he thought that the merits of the Nabisco deal were sufficient to ensure that many banks would participate.

LONDON METAL EXCHANGE

Copper, Grade A (E per tonne)

Cash 1905-10 3 months 1776-7

Lead (£ per tonne)

Cash 389-90 3 months 385-9

Nickel (\$ per tonne

ion, 98.7% parity (5 per tonne

385-7 385-5.5

### Egypt's soft drink makers lose their fizz

Tony Walker reports on mounting competition in the Arab world's biggest market

Pegsi-Cola" Coca-Cola

Canada Dry

Source : Industry estima

the budget deficit by reducing subsidies. While the public sec-

tor still enjoys tax and other advantages, such as cheaper electricity, competition is

becoming even flercer. Mr Rafik el Toukhi, the fran-

chise manager of Seveu-Up International, which was

acquired in 1986 by PepsiCo from Philip Morris, said: "All

profit margins are heing

squeezed." As a result, compa-

nies are seeking to streamline their operations and develop

Egypt's soft drinks industry is a good example of the prob-lems that result from grafting

uew products

30 .

hen Seven-Up first appeared ou the Egyptian market a decade ago, the small, green bottles of lemonade were in such demand that distributors were obliged to assign addi-tional men to "ride shotgun" on the delivery trucks to guard against possible hijack.

Hot, dry, dusty, populous and soft-drink starved Egypt— multinational companies had been discouraged from invest-ing during the Nasser years – provided a big and underdevel-oped market for suppliers of soft-drink concentrates.

In the years from 1978 the Egyptian soft drinks market has grown by about 20 per cent a year, recording sales now of about 200m cases annually. This makes it easily the largest market in the Arab world, and one of the three higgest in Africa, together with Nigeria and South Africa.
But recent price increases of

about 50 per cent on the small 1.92cl bottles resulted in a sharp drop in demand; by up to 15 per cent in 1988, according to industry sources. Almost overnight the market moved from a position of undersupply to one of oversupply, forcing ing strategies and proposed new investment.

Reduced demand and the financial problems of at least one of the "big five" distribu-tors — Schweppes-Egypt — drew attention to the difficulties faced by private sector producers in competition with the subsidised public sector.

Mr Ismail Osman, chairman Market share 1988 (%)

of Schweppes-Egypt, which produces traditional Schweppes products such as tonic water and fruit juices. said the company's difficulties were partly attributable to competition from heavily sub-sidised public sector products. This had made it virtually impossible to make profits. He estimated it cost

Schweppes about E£15m (\$6.4m) annually to compete with the subsidised public sector. Other factors contributing to Schweppes' problems, which include accomplated debts of include accumulated debts of E558m, have been those of nnder-capitalisation and the depreciation of the Egyptian pound. The latter added dramatically to the cost of imported concentrate. Although officially classified

as luxury items, soft drinks are treated virtually as a staple by the Government. Until recently, it subsidised inputs such as sugar used by public sector bottlers, with the result that these companies were able to sell their product at prices at least 25 per cent lower than private sector competitors.

Since last year, however, the public sector has been obliged to pay the market price for sugar as the Government struggles to restrain growth in

on to an existing state-con-trolled sector new private com-panies that are obliged to oper-Soft drinks in Egypt

ate under different rules. The industry, producing what in most countries would be regarded as a luxury item, would seem to be an ideal can-didate for privatisation. The present mish-mash of

franchise managers, bottling companies and distributors includes Pepsi-Cola Interna-tional, the market leader, whose product is bottled by two public sector and one pri-vate sector bottlers, Coca-Cola Export whose beverages are bottled and distributed by the public sector el Nasr company, Canada Dry and Seven-Up which use two public sector bottlers, and Schweppes-Egypt

distribution plants.

If the recent downturn has taught those involved in the business one lesson, it is that the Egyptian market is tremendously cost sensitive. "It's very hard to create brand loyalty among the masses," said Mr Hassan Khalifa, advertising manager for Atlantic Industries, the franchises managers in Egypt for Coca-Cola. "Price is critical."

Representatives of Coca-Cola and Pepsi said that while business was tougher in a more competitive environment, their companies continued to make

All companies are looking to

new products such as dist soft drinks and new bottle sizes to achieve an edge over the competition. Both Coca-Cols and Pepsi have been marketing dist products bottled in Egypt and are fluding that depand enceds supply.

Mr Peter Helmes, maristing manager for Pepsi, believes the Egyptian market, once if has absorbed the shock of ricest prices increases, will stait to grow again "but not at previous rates of growth.

"The market had never been competitive," he said. The first year in which "real competition" was seen was 1988. [Previously, the market was undersupplied. Whatever we produced in summer we could seil. This is no longer the sell. This is uo longer the

Companies are planning to spend more on advertising and, according to Mr Helmes, on their "total system" of marieting and distribution.

He also expected that lottlers and distributors would experiment more with bottle sizes. At present the market is

experiment the market is dominated by the 1.92cl return-able bottles that are used until

they literally wear out.

Mr Helmes sees the trend towards private sector involvement in bottling and distribution strengthening. At present, about two-thirds of the soft drinks sold in Egypt are bot-tled and distributed by the

Chemical pointed out to its

won control. Mr Jon Lukomnik, a spokes-

firm is flying at the moment."
However, should Minorco's
bid for Gold Fields be revived,

### Nippon Life considers holding in Benetton

By Alan Friedman in Milan

BENETTON, the Italiau clothes maker, is holding discussions that could lead to the acquisition of a minority share stake by Nippon Life, the lead-ing Japanese insurer.

Mr Aldo Palmeri, group manmr Anto Famers, group man-aging director of Benetton, said yesterday that he had visited Tokyo four weeks ago for talks with Nippon Life and a variety of other Japanese financial institutions.

He said: "There are advanced discussions underway with Nippon Life about their taking up a small equity stake in Benetton when we go ahead with a rights issue later

Benetton was listed on the Milan bourse three years ago, but the family still controls more than 80 per cent of the

Securities would lead-manage the listing of Benetton on the Tokyo stock exchange later

#### ABB to boost Canadian presence

ASEA BROWN-BOVERI, the Swiss-Swedish engineering group, plans to strengthen its nce in the North American heavy electrical equipment market by buying six plants in Ontario and Quehec from Westinghouse Canada, writes Robert Gibbens in Montreal.

1907-0 1773-4

385-8 383-4

386 388/384

17200/16300

Mr Palmeri said Nomura

He claimed that Japanese investors were particularly interested in Benetton because of its rapid growth in Japan, where it doubled sales in 1988. "By the end of 1989 we will have doubled Japanese sales again to about L200bn (\$152m) and we will have a Japanese sales net work of 350 shops," Mr Palmeri added.

The Benettou chief said be had also talked with Nippou Life and other Japanese insti-tutions about foint ventures in Italy in the financial services and insurance sector.

**New York** 

GOLD 100 troy oz.; \$/troy oz.

### The plants make transmis-

sion and distribution equipment, employing 1,400 people and represent about 20 per cent of Westinghouse Canada's Westinghouse said that all six plants were viable husi-

467 lots

2,342 tota

#### **TransCanada** PipeLines sheds unit in reshape By David Owen in Toronto

TRANSCANADA PipeLines (TCPL), the Canadian energy utility 49.1 per ceut owned by BCE, is to spin off Encor Energy, its upstream oil and gas subsidiary, as part of a restructuring and recapitalisation programme.

tion programme. The move is intended to ensure that TCPL's stock is "properly valued" at a time when it is planning a big expansion of its pipeline sys-tem. The company believes the combined value of shares in the separate entities will be

higher than the market value

of shares of a consolidated

Under the terms of the restructuring, TCPL share-holders (including BCE, the industrial holding company) will receive one common share of Encor for each TCPL share they own. The purchase of additional preferred shares will take BCE's stake in Kncor - the 12th largest Canadian oil and gas producer - to 67 per cent on a fully diluted basis.

The daily production of Encor totals more than 41,000 barrels of liquids and 200m cu

### BP plans one brand for US petrol stations

By James Buchan in New York

BRITISH Petroleum, the UK oil company which is reshaping its public image to account for big changes in its international husiness, intends to organise its far-flung US petroleum mar-keting operations under a single brand name. BP America, the Cleveland-

based company which will soon comprise all BP's US operations, confirmed yester-day that it would replace with one name the multitude of brand names at 8,500 petrol stations in different regions. It is not clear whether the BP logo or another will be used. The "rebranding," which will allow BP to present a national image to the US motoring pub-

lic, is one of the results of a company-wide search for an identity to reflect recent changes, above all management's increased concentration on US energy markets. In 1987, BP bought out the

dard Oil company of the US and now plans to sell its US mining operations to RTZ of the UK Although BP is only just out of the top half-dozen US petrol marketers, only one in 10 of its

stations is under the BP name.

The bulk of BP America's pet-rol is sold through Gulf stations, acquired from Chevron after its takeover of the Pitts-hurgh group, with smaller chains operating under Stan-dard Oil's Sohic brand as well as the Boron and Mobil names. At the end of last year, BP

America agreet to swap 326 Sohio stations east of the Mississippi for a network of 240 Mobil stations innorthern California and the Vest Coast. The deal marked BP's first toe-hold in the prowing West Coast market ant Wall Street

expects further 3P expansion AP-DJ adds: Rival companies said yesterday that BP's "rebranding" nove made sense Mr Glenn Ilton, president of Texaco's US refining and marketing iperations, said: "There's ni question they'll be more formidaing strategy around five brands.

Not since Exxur consolidated 25,000 stations under one trademark in the eaty 1970s has an oil company gone through such a bit

11.15

LIVE CATTLE 40,000 lbs: conts/lbs

**FINANCIAL TINES** 

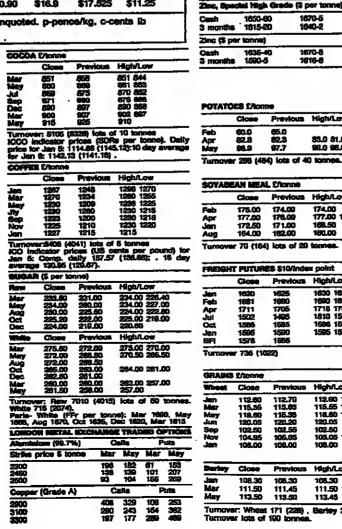
#### **WORLD COMMODITIES PRICES**

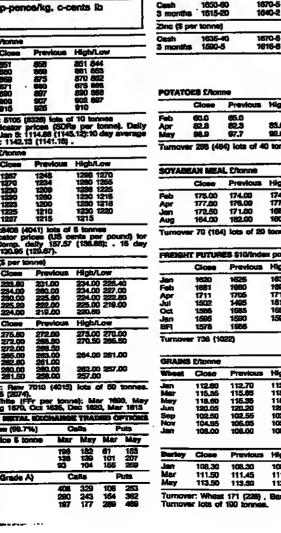
AM Official Kerb close Open Interest

1615-25

#### **WEEKLY PRICE CHANGES** High 1968 Low 1988 \$384.75 328.4p \$1915 £1129.5 £328 £4022.5 \$850 £3625 -4.50 -10.45 \$405.75 333.60 \$483 378.2p \$2002.5 £1562.5 £358.5 £4205 £480.5 £3865 £1156 £1226 \$240.8 £108 £112.6 74.2c 484p 67p Gold per troy oz \$4205 \$2004 \$408 \$22200 \$1677.5 \$4540 \$1182 \$1317 \$369 \$112.15 \$115.7 75.3c 675p 88p \$2437.5 £1907.5 -107.5 +31.5 -2.0 -100 +28.5 +57.5 -29 +55 -24.2 -0.15 +0.15 +0.35 +10 +1.5 Copper Grade A (cash) Lead(cash) Nickel (cash) £1907.5 £389.5 \$17750 \$1637.5 £4205.0 £360 £1270 \$254.0 £111.50 £115.55 62.70c 655p \$17.15 Zinc (cash) Zinc (cash) Tin (cash) Cocoa Futures (May) Coffee Futures (Mar) Sugar (LDP Raw) \$2722 \$213.6 \$297.25 \$103.35 \$4.9c 484p \$11.25 Sugar (LDP Raw) Bartey Futures (Mar) Wheat Futures (Mar) Cotton Outlook A Index

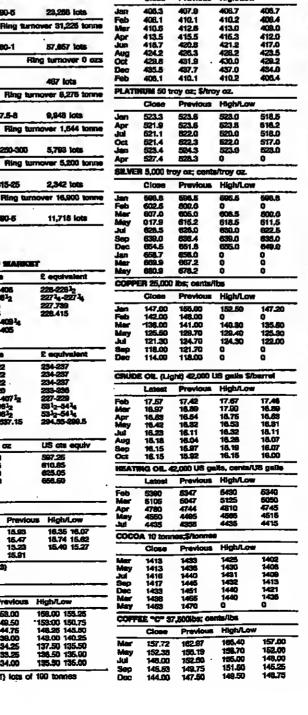
Oil (Brent Blend)	\$17.1	5	+0.90	\$16.9	\$17.525	\$11	25	
Per tonne unless of	herwise st	ated.	tUnquot	ed. p-pen	ce/kg, c-c	ents II	•	
SPOT MARKETS			COCK	ennors Ad				
Crude all (per berrel FOB)		+ 01		Cione	Previous	High/L	OW	
Dubei	\$13.60-3.70	+0.2	Mar	851	858	851 84 861 88		
Brest Bland		+0.2		880 888	875	870 86	2	
W.T.I. (1 pm est)	\$17.64-7.67	+0.4	2 500	671 .	680	575 86 890 88	6	
Oli products			Dec	028	867 907	902 89		
(NWE prompt delivery per t	onne CIF)	+ 0	May	915	925	910		
Premium Gasoline	\$170-172	-0.5	Turne	wer: 5105 (	8326) lots o	f 10 ton	nee .	
Gas Oil	\$151-162	+4	1CCO	indicator i	prices (SDF	\$ per (	onne).	. Deliy
Hoavy Fuel Oil Nachtha	\$76-77 \$157-159	+5	for Ji	en 6: 1142.1	3 (1141.18)	. IZJ. 10		
Petroleum Argus Estimates		. •		E Chomo				
Other		+ 01	_	Close	Previous	High/L	<del></del>	
Gold (per troy oz)	\$405.75	-2.00	Jen	1267	1248	1296 1		
Silver (per troy oz)	500c		Mar	1270	1234	1280 1	255	
Platinum (per troy oz)	\$522.4	-1.1	May	1230 1230	1209 1200	1236 1	215	
Palladium (per troy cz)	\$132.00	+0.2	5 Jy 8ep	1223	1200	1230 1	218	
Aluminium (free market)	\$2450	-65	Nov	1225	1210	1230 1 1215	220	
Copper (US Producer)	157%-66%0 41c	+14						
Lead (US Producer) Nickel (free market)	790c	-70	Turn	over:8406 (4	(041) 1005 C	onia de	F 10021	ndi fo
Tin (European tree market)	£4206.0	+27.	S Jan	Indicator p	daily 157.57	(136.6	a):	15 da
Tin (Kuala Lumpur merkat)	19.99	+0.1	1 aven	130.96	(129.67).			
Tin (New York) Zing (US Prime Western)	346.16c 765ec	+0.2		AR (\$ per to	) (80170)			
	112.00p	-1.15	_	Close	Previous	High/L	.OW	
Cattle (live weight)† Sheep (dead weight)†	160,450	-0.02	· Mer	233.60	231.00		226.4	
Pigs (live weight)†	74.530	-2.23	. May	234.00 230.00	280.00 225.60		227.0	
Loadon delly sugar (raw)	\$264.0u	-7.4	— Get	225.20	222.00	225.00	219.0	
London dally sugar (white)	\$278u	-3	Dec	224.00	219.00	220.60		
Tate and Lyle export price	£250.0	-3.5	White	e Close	Previous	High/L	.04	
Sarley (English feed)	£714.75w	-0.60	Mar	275.50	272.00		270.0	
Maiza (US No. 5 yellow)	£132 £124,25v	+0.5	May a Aug	272.00 272.00	268.50 268.50	270.50	265.5	
Wheat (US Dark Northern)			- Oct	265.00	263.00	264.00	261.0	10
Rubber (spot)	68.5p 600.00p	+1.0		262.50 260.00	261.00 260.00	262 00	257.0	10
Rubber (Feb)♥ Rubber (Mar) ♥	85.25p	+1.2		281.50	258.00	257.00		-
Rubber (KL ASS No 1 Feb.	293m	+2		over: Rew	7010 (4015	) lots c	ø 50 ·	ponner
Coconut oil (Philippines)\$	\$550u	-5	White	o 715 (2074)	).			
Palm Oil (Malaysian)§	\$375		1000	Aug 1570.	Oct 1635.	Dec 162	i Mai	1615
Copra (Philippines)9	\$370 \$193			DOM BESTAL				
Soyabeans (US) Cotton "A" index	62.70a	+1.3	_ ====	stedam (99.7		Calls		uts.
Wooltops (64s Super)	655p			e price \$ to		<del></del>	Mar	May
2 & tonne unless otherwise	stated. p-pe	nce/le					61	153
o-cents/lib. r-ringgit/kg. z-Di					196	139	101	207
May, u-lan/Feb. q-Dec. x-	an/Mar. †Mo	et Cor	m- 2500		23	104	155	269
mission average fatatock p	rices. * chen	ge tra	та Сорг	per (Grade /	4) (	Calls	P	iris.
a week ago. <b>Y</b> London pi	hysical mark	et §C	2900		406		108	253
Rotterdem. 📤 Bullion ma	rket close. #	-Maja	y- 3100		290		154	362
			3300		197	177	253	489

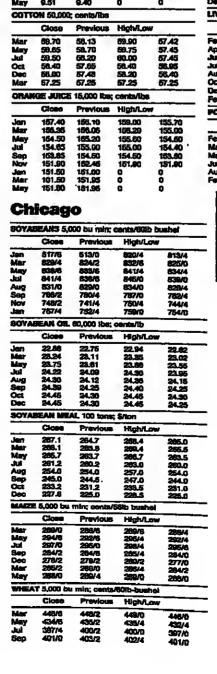


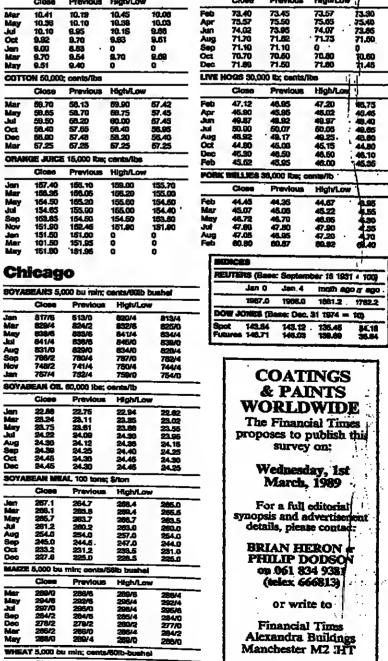


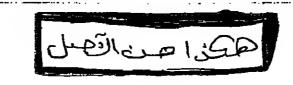
	Close	Previous	High/Low
,	60.0	<b>65.0</b>	
,	82.8	82.3	83.0 51.6
_	96.9	97.7	98.0 98.0
KIYE	r 298 (48	4) lots of 4	) tonnes.
YABO	AN MEA	L. E/tonne	
	Close	Previous	High/Low
	175.00	174.00	174.00
	177,00	176.00	177.00 174.50 168.50
	172.50 164.00	171.00 182.00	180.03
		lots of 20	
NO VI	F 70 (184	) 10G G 20	WARRES
EIGH	T FUTUR	E\$ \$10/Inde	er point
	Close	Previous	High/Low
•	1620	1625	1630 1620
•	1681	1680	1600 1680
r	1711	1705	1718 1706 1810 1500
	1502 1586	1495 1585	1686 1585
	1595	1590	1595 1585
	1578	1655	
(CYN	r 736 (10	22)	
AINE	2/tonne		
oot	Close	Previous	High/Low
<u> </u>	112.60	112.70	112.60 112.25
	115,55	115.65	115.65 115.30
y Y	118.60	115.35 120.20	118.60 118.45 120.05
,	120.05 102.50	102.55	102.50 .
4	104.95	105.05	105.05 104.86
t	108.00	108.00	108.00
erloy	Close	Previous	High/Low
n	108.30	108.30	108.30
ar ar	111.50	111.45	111.50 111.80
Ey	113.50	113.50	113.45

	ro-6 16-6	1638 1610/1590	1636-40 1 <i>5</i> 08-01		1590-5	11,715 lots
ous.	High/Low		Gold (line			£ equivalent
			Close	405	2-406	226-22612
	83.0 \$1.8		Opening	405	40812	2274-2274
	98.0 98.0		Morning & Atternoon	x 408. fix 406.		227.739 228.415
# 40	tonnes.		Day's high Day's low	408	lg-405¹4 -405°	
10						D 1 - 1
243	High/Low		Coins	\$ p	_	theliaviape 2
	174.00 177.00 17	4.50	Mapleleat Britannia	417- 417-		234-237 234-237
	168.50		US Esgle	457	422	234-287
	100.03		Angel	415		233-236 227-229
7 20	tomes.		Krugerran Rew Sov.		12-407 12 1- <del>0</del> 612	5312-5414
			Old Sov.	951	2- <del>98<sup>3</sup>2</del>	5312-5414
nde	z point		Noble Plat	528	3-637.15	294,55-299.5
W3	High/Low					100
_	1630 1620	,	Silver fix	<u> </u>	NO CZ	US ats equit
	1690 1680		Spot 3 months	333 343		597.25 610.85
	1718 1700 1810 1500		5 months	355	.00	625.05
	1686 1585		t2 months	377	.00	656.60
	1595 1588	•				
			CRUDE OF	L \$/ben	rei	
				Close	Previo	us High/Low
			Feb	18.27		16.35 16.07
)US	High/Low		Mar Apr	15.74 15.44		18.74 16.62 15.40 15.27
1	112.60 11		IPE Index	16.29	15.91	
•	115.65 11 118.60 11		Turnover:	4466 (5	(653)	
	120.05	D-10				
	102.50 105.05 10	4 ee	QAS OIL S	/tonne		
•	108.00		-	Close	Previous	High/Low
			Jen 1	158.00	153.00	168.00 155.25
DUS	High/Low	,		52.75	149.50	153:00 150.75
	108.30			147.75 142.50	144.76 139.00	148.25 145.50 143.00 140.25
5	111.50 11	1.50	May	137.00	134.25	137.50 135.50
ā	113.45			136.00	133.25	126.50 135.00
260	Berley 39	(15)	Jul 1	136.00	134.00	135.50 135.00









ance the middle of October last year, and up from DM1.7945 on Thursday. It was also at an 11-week high in yen terms at Y126.65, up from Y125.60. Elsewhere, it finished at SFr1.5475 from SFr1.5300 and FFr6.1300. On Bank of England figures, the dollar's exphanae

figures, the dollar's exchange rate index rose from 65.8 to

US employment data for December showed a rise in non-farm payroll jobs of 279,000, much in line with expectations, and compared with a downward revised increase of 404,000 in November. While underlining the current strength of the US economy, some analysts feel that the size of the increase may allow the US authorities some degree of flexibility on whether

degree of flexibility on whether

or not to raise the discount

the West German unit.

% 3.4

EMS EUROPEAN CURRENCY UNIT RATES

EURO-CURRENCY INTEREST RATES Short 7 Days One Three Shr

**EXCHANGE CROSS RATES** 

nes: two years 104,490 per cost; three years 104,490 per cest, four years 104,490 per cest, cost monitoni, Short torin rates are call for US Bollars and Appendix Yes; others, two days

aminst En

1,52-1,57 pm 0,55-0,75-ds 0,47-0,51-ds 1,74-1,70 pm 9,50-1,55 pm 3,00-2,50 pm 1,67-1,63 pm 1,67-1,63 pm 1,67-1,63 pm 1,67-1,50 pm 1,57-1,50 pm

±1.5344 ±1.5404 ±1.3574 ±1.5012 ±1.6684 ±4.0752

134-123 94-91 115-11 64-6 54-5-54 54-54 124-12 78-71 84-8 94-93

CURRENCIES, MONEY AND CAPITAL MARKETS

AT TANK ARY 1 SE

d station

fizz

**FOREIGN EXCHANGES** Dollar up despite intervention THE DOLLAR rose sharply in currency markets yesterday, as comments by a West German bank official overshadowed a

bank official overshadowed a neutral set of US employment figures for December. Attention focused on a statement by Mr Helmut Schlesinger, vice-president of the West Garman Bundesbank, that recent dollar sales by the Bundesbank should not be regarded as intervention in the normal sense, but were designed to reduce foreign contrance. reduce foreign currency These remarks pushed the dollar sharply firmer, from around DML7995 to DML8140, touching a high of DML8180. However, the US unit failed to hold on to its initial gains, as the ITE Declar Record reserves. the US Federal Reserve Board sold dollars at DM1.8160, and the West German Bundesbank made dollar sales at around

The market was rather con-fused by the Bundesbank's intervention so soon after Mr Schlesinger's comments, although analysts sug

E IN NEW YORK Preside J20,6 - Latest

STERLING INDEX

97.9 97.8 97.8 97.8 97.8 97.8 97.7 97.7

CURRENCY RATES Back rate % Jan.6 . 0.749563 1.34137 1.59513 16.8946 50.3349 9.26815 2.79823 8.1989 1764.91 168.141 8.81951 152.047 148 2.03667 199.978

CURRENCY MOVEMENTS

97.4 66.3 101.6 106.7 106.0 104.2 113.1 108.3 130.3 130.3

OTHER CURRENCIES 

FORWARD RATES AGAINST STERLING

MONEY MARKETS **UK** rates

steadier UK interest rates traded within on interest rates transit with a narrow range in London yes-terday. Sterling's slightly weaker tone failed to have any impact on interbank rates, and the key three-month figure was quoted at 18%-13% p.c. com-pared with 13%-13% p.c. on

The Bank of England fore-cast a shortage of around £850m, which was revised to £950m and then back to £850m, with factors affecting the mar-ket including bills maturing in official hands and a take up of Treasury bills, together with repayment of late assistance draining £95m, and Exchequer transactions a further £460m. There was also a rise in the note circulation of £285m, and note circulation of £285m, and banks brought forward bal-ances £5m below target.

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**4** 

فأفيع أشا

The Bank offered an early round of assistance, which comprised outright purchases of £156m of eligible bank bills, fim in band 1, £10m in band 3 and £142m in band 4, all at a standard sale and and Maxim in sent 5, and and unchanged rates, and sale and repurchase agreements on 223m of bills at 122 p.c., unwinding on January 12. Further help in the morning came to £41m through outright eligi-ble bank bill purchases in band

Afternoon help totalled

FR. SFr. H.FL. Ura CS BFr. 225.5 11.02 2.755 1.645 2367 126.7 6.191 1.548 2.048 1330 1200 0.551 1 69.61 3.412 0.853 1.128 752.8 0.658 20.94 7.894 14.32 1000 48.87 12.22 16.16 10477 9.424 300.0 0.300 4.435 1.615 2.931 204.6 10. 2.500 0.646 1.172 81.85 4.000 1 130 0.486 0.886 61.87 3.023 0.756 0,752 1.365 95.27 4.656 1.164 649.4 0.583 1000, 0.898 0.274 1540 0.471 0.892 1.526 106.1 5.196 1.296 1.476 2.630 4.775 3333 16.29 4.072 1.715 5.388 3499 Yes per 1,000: French Fr. per 10: Liva per 1,000: Belgian Fr. per 100. FT LONDON INTERBANK FIXING (12.00 a.m. Jan.6) 3 months US dollars **MONEY RATES** Treasury Bills and Bonds 7.90 7.90 9.00 9.22 9.33 Jane 5.35-5.55 81<sub>2</sub>-85<sub>2</sub> 5-514 5.90-6.03 4.46875 111-121 71-714 8-814 525-545 83-83-43-53-577-58 44052 114-12 73-73 5.25.5.35 63.-5.2 41.-41 5.46.5.61 3.96675 111.-114 6.30 71.-74 5.25-5.45 8½-8% 5.50 7.25 LONDON MONEY RATES Jan.6 One Year 냺 14 123 124 12% 124

Tremmery Sulfs Smill; one-mouth 12 II per cent; three mouths 12 II per cent; Sank Bills (self) noe-mouth 12 II per cent; three mouths 12 II per cent; Sank Bills (self) noe-mouth 12 II per cent; three mouths 12.5, per cent; Tremsury Bills; Austrage tenter rate of discount 12.5512 s.c. ECOD Fixed Rate Sterling Export Finance. Make us day December 30. 1988. Agreed makes for period January 25. 1989 to Petrulary 25. 1989, Schweie 1; 13.97 p.c., Schweie II 2, III 14.37 p.c. Reference rate for period December 1 to December 30. 1988, Schweie 1/44.7 j.l. 173 p.c. Local Authority and Figure Houses seven days finance Houses Base Rate 13 from January 1, 1989, Bask Deposit Rates for some at seven days force 4 per one. Certificates of Tax Deposit Certes 6). Deposit £100.000 and over held mouth 7 is per cent; one-direct mouths 9 per cent; three-six mouths 9 per cent; six-nice mouths 9.5 per cent; six-nice mouths 9.5 per cent; one-direct mouths 9.5 per cent; three-six mouths 9 per cent; six-nice mouths 9.5 per cent; where finance is per cent; Under £100.000 7 per cent from July 5, 1983, Deposits withdrawn for cash 5 per cent.

**与安装条件的** るいはははの that the cantral bank was probably acting more to smooth the dollar's rise, rather than change its direction.

The dollar finished at DMI.8140, its best closing level since the middle of October last year, and up from European partners. The pound faces strong resistance at DM3.2400, and there is currently insufficient impetus to seriously test this level. On Bank of England figures, its exchange rate index fell to 97.4, down from 97.5 at the opening and Thursday's close.

The pound fell to \$1.7800 from \$1.7800 from \$1.7800 from DM3.2275 and SFr2.7550 from SFr2.7500. How-Pais-settle Jan 0 0 0 19 256 730 1230 1280 780 381 144 59 7 Estimated volume total, Catts 250 Pats 660 Presides day's open lat., Catts 15974 Pats 15976 SFr2.7550 from SFr2.7500. However, it was lower against the yen at Y225.50 from Y225.75, and eased to FF11.0150 from Mar 0.35 0.95 2.00 4.70 8.80 13.50 20.40 16.20 16.20 13.75 200 13.00 10.00 10 17.45 12.00 8.20 3.75 2.35 2.26 0.60 FFr11.0200.

The French franc moved up quite sharply against the D-Mark, following Mr Schlesinger's comments. The D-Mark slipped to FFr3.4110 from FFr3.4160, as investors moved to cover short dollar positions. A majority were moving out of CHICAGO D-Marks, underpinning the franc's improvement against LONDON (LIFFE) POUND SPOT- FORWARD AGAINST THE POUND Estimated Volume 0 40) Previous day's open int., 18 (18) 87.93 87.93 87.93 DOLLAR SPOT- FORWARD AGAINST THE DOLLAR 1.55 1.57 1.55 1.56 2.76 2.76 2.76 4.81 2.91 4.81 2.91 Litest High Low Prev. 0.6507 0.6505 0.6602 0.6548 0.6605 0.6605 0.6550 0.6622 0.6660 0.6670 0.6640 0.6700 Latest High 283.90 284.50 287.90 287.55 287.90 290.50 283.50 282.90 286.90 285.95 PROBES PROBES EXCLUSION 1-mth 3-mth 6-mth 12-mth 17744 17641 17510 1.7318 Dos: Floh Low Pres. 183.60 183.90 182.00 182.60 183.85 Lates High Law Pres. 17674 17750 17630 17824 17560 17590 17480 17670 17360 - 17360 17554 FT GUIDE TO

WORLD

**CURRENCIES** 

**Every Tuesday** 

in the FT

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FINANCIAL TIMES CONFERENCES

# **EUROPEAN MERGERS &**

--- PROSPECTS IN THE SINGLE MARKET

7 & 8 February, 1989 London

Mergers & Acquisitions have been discussed in numerous conferences on the European outlook. For its next 1992 forum the Financial Times proposes to focus on M&A only. An unusual, perhaps unique, feature of the agenda is presentations by four industrialists followed by panel discussions and open forum debate.

Some of the speakers include:

Mr Robert Jaunich **Executive Vice President** Jacobs Suchard Management & Consulting SA

Professor Henk Meÿ

Commercial Director &

Mr Bo Rydin

Member of the Board of Unilever **Dr Thomas P Gasser** 

Deputy Chief Executive Officer ABB Asea Brown Boveri Ltd

Chairman & Chief Executive Officer Svenska Cellulosa AB

Mr Fernand Braun

Director-General Internal Market & Industrial Affairs Commission of the European Communities

Mr Peter Leslie Deputy Chairman Bardays Bank PLC

AN FT INTERNATIONAL CONFERENCE ARTHUR YOUNG and BOOZ-ALLEN & HAMILTON



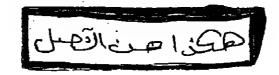
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#### **WORLD STOCK MARKETS**

### Heavy engineering tops world league in 1988 battle of the sectors

HE clever - and now wealthier - global investor for 1988 was the one who chucked out defensive shares and stocked up on cyclicals.

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. . .

Heavy engineering issues, base metals and car makers were in Food manufacturers, precious metals and pharma-ceuticals were out. That is, at least, on a year-long view, looking at individual sectors performances worldwide, in local currency terms, and based on the FT-Actuaties World Indices.

The marked absence of a

recession, which had been feared as 1988 began, was behind the strong performance of cyclical stocks — those which move with the economic cycle. Demand for consumer goods turned out to be much

forming sectors in 1988 - as industry worldwide went on a spending spree to cope with capacity constraints.
Statistics from James Capel

show that total fixed investment, covering both the public and private sectors, jumped by 13.7 per cent in Japan last year, by 10.1 per cent in West Germany, 10 per cent in the UK and 6.5 per cent in both France and the US. Consequently, the heavy engineering/shipbuilding sec-

tor saw a massive climb of 1015 per cent last year, while the metals and minerals sector ended 68.8 per cent higher, according to the FT-A World indices. This compares with an overall rise in the world index

of 24.3 per cent.

The two sectors were also the beneficiaries of a buoyant stronger than expected post-crash, prompting some of the highest capital investment growth seen for years.

That proved a boon for equi-ties in the heavy engineering and base metals industries— making them the two best per-

Sectoral performance worldwide; % change in local currency terms 31/12/87 to 30/12/88

Heavy eng/shipb'dng Metals/minerals Property Wholesale trade Automobiles BOTTOM FIVE Precious metals/mins Health/personal care Diverse cons gds/servs

als sector. Better-than-expected consumer demand was also a plus for the global car sector, where share prices rose by 40.4 per cent. Japan, where car makers are moving up-market with attractively priced vehicles, accounts for half of the sector's capitalisation, and prices there rose by 55.5 per cent. The US, with a further quarter of the In Japan, Toyota rose by 38 per cent - in line with its domestic market - while in the US, General Motors finished the year up 36 per cent, better than the US market's 126 per cent climb.

In Europe, however, concern about the effect of the weak dollar on luxury car sales and lingering worries about pros-pects for the whole industry kept share price gains in check. The European car sector rose by just over a quarter, moving little between tha spring and antumn.

Jaguar was hit hard, falling by 18 per cent last year com-pared with the UK market's 6 er cent gain. Fiat underperformed the Italian stock market, rising by about a fifth, and Peugeot, up 52 per cent, was only in line with the French market's strong rise. VW managed to ontperform the German bourse, however, ending 55 per cent higher as investors started to realise late last year that 1989 would also be better than expected for the industry. The global chemicals indus-

try pnt in a patchy perfor-

mance, with only a few stocks standing out. The industry was another beneficiary of healthy consumer demand, as strong sales of such goods as dishwashers, microwave ovens and cars helped increase demand for plastics, but share prices rose worldwide by just 15.3 per That is because of the defen-

sive nature of the sector, says Ms Penny Tattersall, European chemicals analyst at Barclays de Zoete Wedd. In West Germany, the three majors -Hoechst, Bayer and BASF -all underperformed their stock market. But Akzo in Amsterdam and Montedison in Italy outperformed their own bourses by just under 30 per cent, helped by their improved profits pictures.

The food sector, which in the The food sector, which in the FT-A Indices is separate from beverages, was fairly boring overall, underperforming the world by 5 per cent last year. The sector lagged because it too is seen as defensive; people have to eat and the industry's performance is therefore more performance is therefore more

Sectoral performance Europe ex-UK; % ching in local currency terms 31/12/87 to 30/12/88

TOP FIVE Electronics/instrumt
Bus serv/comp s'ware
Wholesele trade
Metals/minerals Diverse consum goods BOTTON FIVE Computers/off equip

Financial Inst

predictable than the cyclicals. Likewise health/personal care which rose by 22 per cent, people will always need aspirin and toothpaste.

Obvious exceptions to the general flatness in the food and beverage sectors included speculative stock Perrier of France, which tripled in price, and US takeover target Pillshury, almost doubled on the year. In pharmaceuticals, France's Essilor jumped by 84 per cent while rose by 78 per cent.

The global property sector was another strong performer as land prices soared in Japan, which makes up just over half of the sector's capitalisation.

Demand for land in Japan was so great last year that almost any company with property holdings benefited at some stage, as analysts pored through company accounts to find such hidden assets. Cable companies, petrol station own-ers and railway operators were all to reap rewards: Keisei Electric Railways more than quadrupled in price over the

When it comes to poor performers, precious metals win the booby prize. The sector fell by 9 per cent last year, as the hullion price plummeted by almost a fifth during the year. dragging with it resource-based stock markets like Canada. Australia and South Africa. Business services/computer software was another bad

choice - except in continental Europe, where it outperformed largely on the sharp rise in Swiss amployment agency Adia.

The best bet for this year? UBS Phillips & Drew likes engineering, construction stocks, and oils and utilities in Europe, while Warburg Securities recommends property, some utilities and cyclicals with more catch up potential.
In Japan, the themes are similar to last year, with hrokers recommending retail stocks, defence/aerospace issues, railway, property and construction companies, and

large capital steels and ship-

Top of US shopping lists lie capital goods such as construction, machine tools, industrial machinery and railroads. In the niche sectors, Marrill Lynch recommends pollution control stocks, while Kleinwort Benson Group chooses cellular telephone companies.

Hilary de Boerr

### Jobs figures send Dow past 2,200

THE NEWS of robust, but not excessive, growth in US employment helped to sustain Wall Street's new-found enthuslasm for equities and pushed the Dow Jones Industrial Aver-age decisively above 2,200 for the first time since the Black Monday crash, writes Anatole Kaletsky in New York.

The market's advance, achieved in moderately heavy trading, came against the background of a souring dollar and a small decline in interest rates. Between them, these fac-tors helped to overcome the formidable asychological barrier of 2,200 on the Dow. The market had repeatedly approached this level in previous attempts to extend its post-crash rallies, but had fallen back each time. This led some analysts to the concinsion that further gains could be in store if prices managed to

for several days running.

By 1.30 the Dow was 15.53 points up at 2,206.07, with around 106m changing hands on the New York Stock Exchange. Big Board advancers led decliners by a margin

Apart from bullish psychological conditions, the main factors behind the rally were the simultaneous strength of the dollar and of bond prices. This unusual combination arose in part from the bond and foreign exchange markets' differing interpretations of the

of five to two.

employment figures.
The bond market saw December's 279,000 rise in payroll employment as a sign of moderate economic expansion, which would discourage any further monetary tightening by the Federal reserve Board. The December figure was closely in line with expectations, but well below the 404,000 advance in November. As a result, bond be in store if prices managed to prices firmed, with the Trea-close significantly above 2,200 sury's benchmark long hond

pushing equities higher were the stronger than expected sales figures reported on Thursday by US car manufac-turers and retail chains. Sears Roebnck rose \$% to

\$42%, while General Motors advanced by \$1% to \$85%. One of the day's worst performers, however was The Gap, a specialty retailer. Its shares fell \$21/4 to \$40% after an adverse analyst's report. Energy stocks were also strong as a result of further

Exxon gained \$1/4 to \$47% and Texaco rose \$1/4 to \$53% in beavy trading Texaco, whose stock has been very strong recently, announced that it had received bids worth as much as \$4bn for the 76 per cent stake in Texaco Canada it put up for sale last year. Analysts had mostly estimated a price of \$3bn.

evidence of firming oil prices.

rising % to 98%, a price at which it yielded 9.062 per cent.

Among the other factors Pared to cash in from the company's leveraged buyout.

#### Canada

ENCOURAGED by US employment figures Toronto stocks held most of their early gains, but gold stocks declined further after a weak opening. The composite index, up 15 earlier, rose 8.9 to 3418.0 on volume of 14.4m shares.

Faiconbridge denied market rumours of shipping problems from its Dominican Republic ferronickel plant, but lost C\$% to C\$28%. Noranda, which has a stake in Falconbridge, rose C\$% to C\$25%. Alcan, the most active stock, was unchanged at

Texaco Canada lost C\$1/4 to C\$451/4. Its US parent, Texaco, is seeking buyers for the Canadian subsidiary. Imperial Oil. gained C\$1 1/4 to C\$53.

### Speculative fervour engulfs Paris

20.5

THE FRENCH market was again the star in Europe, while Milan, Madrid and Stockholm were closed for Epiphany, writes Our Markets Staff.

PARIS had a spectacular ses sion with volumes soaring and shares chasing each other higher throughout the session. Luxury goods group LVMH was again at the forefront of activity, although the excitement fed through to several stocks, including drinks groups Perrier and Pernod. One analyst, estimating total turnover at FFr6bn-FFr6.5m. said: "It's got to be the highest voluma. for one day's trading in the his-

tory of the Paris hourse."

LVMH was extremely vola-. tile, moving in a wide range between FFr4,720 and FFr3,590, with 622,300 shares traded. It closed off FFr41 at FFr4,100, having been suspended four times, after profit-takers moved in at higher levels.

Speculators were jumping on the bandwagon after Thursday's hectic activity, but there was still solid buying, with two hlocks totalling about 80,000 shares traded. Financière Agache was still believed to be buying heavily. Eurotumnel saw 1.6m shares

change hands in Paris, jumping 11 per cent. Speculative stock Perrier rose FFr63, or 4.1 per cent, to FFr1,612 on 85,000 shares and Pernod climbed FFr30 to FFr1,305 on 55,000

The CAC General index added 7.2 to 438.5 and the OMF 50 index put on 9.76 to 459.28. FRANKFURT ended a busy week on a quiet note as investors took a breather and the indices came down from post-crash highs. Caution about the US jobs data, dne after the market closed, kept some operators away.

The FAZ index was off 3.82 at 562.35 and the DAX index closed 11.12 down at 1,359.98. Turnover fell back to DM3.1bn. After the close, there was a recovery in prices as the dollar picked up strongly on the US

employment news. Chemical Hoechst was a significant loser, falling DM6.30 to DM305.20 on reports that Cela-nese, its US unit, was being sued for \$3.4bn after an accident involving a Hoechst ship-ment which allegedly spread sulphur dioxide gas over the town of Covington in Louisiana. The company said it was not aware of any such suit.

chemicals and the broader market. But Metallgesellschaft managed a DM14.80 rise to DM389.80 on a re-evaluation of the sector and speculation that Sweden's Wallenberg group was interested in a stake.

AMSTERDAM saw consoli-

dation of recent gains, closing easier on volume estimated to be below the high Fl 800m of earlier this week. The CBS tendency index lost 0.3 to 159.9. Royal Dutch rose Fl 2.30 to Fl 234 as investors grew more optimistic that oil prices would hold up. Hoogovens was suspended at F1 77.80, up 80 cents, before announcing a

more than doubling in second

half profits. Insurer NatNed climbed 70 cents to Fl 69.40, with reports of a large buyer in the market over the past two days. Shipping stock Nedlloyd fell Fl 7 to FI 274 after Holland America Lines denied in a newspaper interview that it was a poten-

BRUSSKLS had a strong day, with interest in steel stocks underpinning gains. The cash index rose 36.5 to 5,561.6, but volume was reported to be

One analyst said the market's strength was "amazing" given its rise late last year and the fact that many fund managers were still on holiday. Steels and non-ferrous metals shone on confidence that 1989 would be a good year for the sector. Cockerill Sambre rose BFr3 to BFr340 on 66,000 shares and Arbed added BFr125 to

BFr4,085 on a 25,100 shares. There was also speculation that Societe Generale might be buying np outstanding stock in Asturienne, Vielle Montagne and Hoboken, in which its Union Minière subsidiary has

majority holdings, in order to refloat Minière on the market.
ZURICH ended little changed, with pockets of profit-taking pulling the Crédit Suisse index down 3.2 to 534.1. OSLO lost a little steam but the all-share index still ended 0.71 higher at a record 361.81. **SOUTH AFRICA** 

LIGHT demand for selective stocks and a shortage of scrip left Johannesburg shares slightly firmer. Diamond stock De Beers gained 20 cents to R42.60 on its Central Selling Organisation's record sales.

### Defence stocks feature as Nikkei slows

to slip once more as investors tively weak performance grew hesitant in the face of a majory to a technical correcterioration in the Emperor's flow. The market was just takhealth and a falling yea.

health and a falling yea.

Later haying of specific issues helped recover some of the losses, bringing the Nikkei to 30,209.54 at the fluish, up 25.75 from Thursday's close. The day's high was at 30,312.57 and the low was at 30,099.13.

The Topix index of all listed shares declined 1.18 to 2,366.91 and in later trading in London. and in later trading in London, the ISE/Nikkel 50 index up 3.92 at 1,946.65. Turnover in Tokyo was still

relatively low at 890m shares although slightly better than the 798m traded on Thursday.

The Nikket average had shot up 111.48 in early trading only to slip once more as investors grew hesitant in the face. consecutive rises, said Mr Yoshio Shimoyama of Nikko

> In afternoon trading, interest focused on themes spilling over to some of the large vol-ume steels as well. The down-ing of the Lihyan fighter planes by the US has increased interest in defence, which was already being hailed as a lead-ing theme for this year on expectations that the US would continue to press Japan to shoulder a larger part of its

> > THURSDAY JANUARY 5 1989

120.25 79.25 109.29 104.98 138.25 105.26 94.85 106.18 70.79 118.63 131.79 121.96 93.34 56.57 121.96 120.95 120.95 121.95 121.95 121.95 121.95 121.95 121.95 121.95 121.95

Day's Change %

wall Street's gains overnight initially bolstered the Tokyo market but by mid-morning investors turned cautious. The announcement of US unemployment figures expected year.

145.83 96.11 132.52 137.52 147.52 147.52 159.80 125.77 85.85 143.87 159.10 145.87 159.10 145.87 117.40 145.89 79.07 117.40 145.89 79.07 113.99

Tokyo: incentive for participants to pany in terms of share price refrain from active buying performance for the year. MitRENEWED concern about the Most investors were not subishi Heavy topped the most

Emperor's condition and a specially concerned about the shadow over the market, but interest in issues with specific cumstances, there was no need incentives helped share prices post a modest gain, writes Many analysts thought none Michigo Nakowoot in Tokyo.

The Nikos average had shad the same properties of these concerns was alone of the same properties. The nikos average had shad the same properties of these concerns was alone of the same properties.

YI.490 in active trading.
Oil companies rallied on rumours that Saudi Arabia had approached Japanese oil refiners to discuss the possibility of forming links. Cosmo Oil, third most actively traded st 32.4m shares, advanced Y180 to Y1,190,550.

In Osaka, share prices staged a moderate performance with the OSE average rising 93.39 to 28,228.79 on volume of 106.6m shares, up from 59.5m.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood

Currency

111.49 89.58 123.39 109.66 152.21 1112.81 183.78 115.32 121.65 84.37 151.93 150.05 104.49 57.03 131.51 131.51

113.99

Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Gross Oiv. Yield

4.81 2.75 4.33 1.99 1.56 2.25 4.28 2.40 0.49 4.72 6.90 2.38 4.64 4.64 2.26 4.64 3.21 8.26 4.65

THE tone was firm in Asia Pacific markets following two days of solid gains on Wall

WEDNESDAY JANUARY 4 1989

Sterling Index

79.32 109.14 103.15 130.92 105.44 94.77 73.57 93.39 106.40 70.55 130.02 120.82 102.18 96.61 120.82 104.63 110.87 94.63 110.87 94.63 110.87 93.30

HONG KONG ran into widely expected profit-taking which prevented the Hang Seng index from closing at a post-crash high for the second day running. The index never-

US Dollar Index

145.59 96.70 133.06 125.76 159.61 128.55 115.86 113.86 129.72 86.02 192.77 143.35 158.51 145.02 145.02 147.78

147.30 141.51 78.79 135.19

113.74

theless managed to end 8.11 better at 2,766.65. performance for the year. Mit-subishi Heavy topped the most

Turnover was active at
HK\$1.42bn but less than Thurs-

> Properties continued to lead gains, with Cheung Kong the most activa stock on 12.5m. shares worth HK\$108m, adding 5 cents to HK\$8.85. AUSTRALIA was led higher

> by industrials and firm golds, which boosted the resources sector. Tha All Ordinaries index ended 4.7 higher at 1,478.3 in moderate turnover.
>
> ANZ hank was the most active stock as some 15m shares worth A\$82m changed hands on the exercise of options and the last day of cum dividend trading. The share lost 6 cents to A\$5.56. Other banks ended higher.

SINGAPORE saw broad buy-ing which pushed the Straits Times industrial index up 9.21 to 1,043.34. Turnover remained high at 45.7m shares but down from Thursday's 53.6m.

The market was helped by reports that ship repair tariffs in Singapore would rise by 10 per cent. Jurong Shipyard added 6 cents to \$\$3.54.

TAIWAN rehounded after three consecutive falls, with the weighted index rising

91.16 83,72 99.14 107.06 111.42 106.78

90.07 95.23 63.32 98.55 97.99 98.26 130.73

99.19

97.01

130.81 120.36 99.78 80.27 87.51 120.26 111.77

100.00 139.89 128.91 161.60 139.83

90.40 115.04 144.25 86.88 193.67 154.17 182.24 113.49 84.05 146.86 135.89 139.07 164.97 86.75 141.51

116.61

188.43 159.28 116.07

102.91 128.27 157.66 140.91

140.53 115.54

396.27 103.88 57.06 129.38 111.39 99.02 126.21 128.89 74.20 110.89 113.74

101.24 123.53 148.94 130.04 113.45 95.52 106.32 129.15 125.30 124.09 108.93

101.92 94.83 104.37 115.74 114.02 109.61 108.75 77.71 141.19 119.49 97.25 101.19 75.80 111.19 106.74 138.74 134.06 82.08 13.65 83.65 13.65 13.65 13.65

104.39

137.82 124.49 106.77 86.26 97.17 124.33 115.72

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NATIONAL AND REGIONAL MARKETS

Figures in parentheses show number of stocks per grouping

Australia (90)

Europe (1010) Nordic (126)...

115.19 141.02 186.35 157.86 114.70 102.52 126.42 94.33 114.36 153.88 130.04 93.82 83.76 103.23 128.77 115.58 115.27 94.46 94.98 116.28 153.65 130.17 94.58 84.53 101.85 125.42 148.63 130.08 113.74 115.00 139.43 187.60 158.54 114.38 102.12 3.70 2.04 0.71 1.60 3.63 2.83 4.58 1.67 2.02 2.25 3.70 Pacific Bacin (679)... Euro-Pacific (1689). 96.26 107.03 129.23 125.41 124.22 109.37 Europe Ex. UK (693) Pacific Ex. Japan (223). World Ex. US (1868).... World Ex. UK (2143).... 104.25 128.96 115.95 115.64 95.19 125.85 156.99 140.91 140.53 115.16 156,40 140.62 140.25 World Ex. So. Af. (2400). World Ex. Japan (2004). -0.2 The World Index (2460). 115.53 124.05 2.26 140.39 115.15 | 123.92 | 140.39 | 113.37 | 117.31

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US 5 index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.62 (US 5 index), 114.42 (Pound Sterling) and 123.18 (Local).

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Latest prices were unavailable for this edition.

Details of business done shown below have been taken with asent from last Thursday's Stock Exchange Official List and should to be reproduced without permission.

Details raise to those securities not included in the FT Share imposting Securities.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lower deather.

they are not in order or execution but in ascending cross the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the three previous days is given with the relevant date.

‡ Bargains at special prices. • Bargains done the previous day.

Bargain done with non-member or executed in overseas markets.

Vaux Group PLC9.875% Deb Six 2018 - 2939-4

2331/0
Watney Martn & Trumen Hidge PLC4%%
Red Deb Six 88/33 - 279 (4.5e89)
8% % Red Deb Six 87/90 - 290%
7% Red Deb Six 87/90 - 290%
7% Red Deb Six 87/92 - 287%

21 - 40% 6% 3rd Cum Pri Sck 21 - 57%

6% 370 Cum Pri Set 21 - 63 4 8%4 Red Deb Set 86/91 - 288% 7% Red Deb Set 86/93 - 288 7%% Red Deb Set 89/94 - 288 7%% Una Ln Set 85/99 - 279% 9% Una Ln Set 87/2001 - 232 5%% Ind Una Ln Set - 254 (44/89) Rethreed Investment Co PLCOrd 250 455 8 8

Whitbreed Investment Co PLCOrd 25p = 455 8 6 5% Deb Six 84/89 = 897
Young & Co's Brewery PLC4.2% Cum Pri Six = 55

Commercial, Industrial, etc

No. of bargains included 1361

Alexanders 29 (3Ja89)

AAH Hidgs PLC4.2% Cum Pri £1 - 56 ADT LIARDR (10:1) - \$21% .4 AMEC PLCNew 6.5p (Net) Cum Crev Red Pri 50p - 89 % 90 Alexanders Hidgs PLC\*A\*(Rat.V)Ord 10p -26 (2Luten

Group PLC8.25p (Net) Criv Cum Jesson Group PLC259 (Neep Car Clem Red Pri 10p - 85% 7 Jied Textile Compenies PLC10% Cav Subord Uns Ln Stk 1993 - 2290 (200-88) quesquium Group PLC7%% Cum Pig Pri

Aquesculum unsup. 21 - 95 ASDA Group PLC9%% Cum Pri 21 - 119 Associated British Foods PLC6% Cum Pri

Associated British Fusion 21 - 55%
71%\* Uns Ln Six 87/2002 50p - 599
The Uns Ln Six 87/2002 50p - 599

Associated Electrical Industries Ld6%%
Deb Sik 88/91 - 289 (3.le89)
Associated Leisure PLC7%% Uns La Sik

Attwoods (Finance) NV 8%p cm red Criv: Pri Sp = 101
Austin Reed Group PLCOrd 25p = 365
(SD0e88)
Automated Security(Hidgs) PLC6% Criv
Cum Red Pri S1 = 142
6% Criv Cum Red Pri S1 = 108
Avdel PLC10% Cum Pri S1(Restricted
Rights) = 144 (Austin)
105% Cum Pri S1(Restricted Fights) = 140 (4 156)

ADR (4:1) - \$21.1 (4Je89) alley(C.H.) PLC'B' Ord 10p - 85 (300e88)

(300e86)
Bardon Group PLCOrd 10p = 156 61
50 (Net) Criv Cum Rad Pri 10p - 100 10
(300e86)
Bart & Wallace Arnold Trust PLCOrd 25p

Berr & Weilece Arnold Trust PLCOrd 25p = 575 (2Ja89)
Sessiond Group PLC7p (Net) Cure Criv Fied Pri 10p - 98
Beazer PLC8.67% Cure Fied Pri 21 - 98% (AJa89)
8%% Criv Uns Un 98k 2000 - £185\$
Betacom PLCOrd 10p - 68 9 70 2
Birnid Queicast PLC7%% Uns Ln Sik 8782 - 285 (AJa89)
Blackett Hutton Hidge Ld5%% Cure Pri Sik £1 - 48 (AJa89)
Blackett Hutton Hidge Ld5%% Cure Pri Sik £1 - 48 (AJa89)
Blackett Put 25 % Cure Pri 50p - 28
Blue Arrow PLCADR (10:1) - 315.725 %
674471 £ 15%
Blue Circle Industries PLC7%% Criv Cure Red Pri 51 - 122 3% % 4 4 5

Bue Circle industries PLC7%% Cnv Cum Red Pri £1 = 122 3% % 4 4 5 Boots Co PLCADR (2\*1) = \$8% (4Ja89) 7%% Uns Ln Sk 88/35 = £90 7% 80% Bostrom PLCOrd 5p = 140 (4Ja89) Bowster Industries PLC4.35% Cum Pri £1

- 60 1 Bridon PLC6%% Uns Ln 9tk 2002/07 -566 (300669) Bridsh Arweys PLCADR (10:1) -528,249056 A

British Akwaya PLCADR (10:1) = \$28,249058 A Pritish Alcan Aluminium PLC 10%\* Deb Six 2011 = 136 X 105 X Deb Six 2011 = 136 X 105 X Deb Six 89/94 = 297 (4/e89) British-American Tobacco Co Lui6% 2nd Cum Pri Six 21 = 50 7 Cum Pri Six 21 = 50 7 Cum Pri Six 21 = 50 7 Cum Pri Six 21 = 50 Pri 21 = 75 British Fixtings Group PLC 5.5% Cum Pri 21 = 75 British Shoe Corp Hidge PLC5%\* Cum 2nd Pri 21 = 81 7 Tuns Ln Six 85/80 = 280 Pritish Publish Six 85/80 = 280 Pritish Six 20 Publish Six 20 Pritish Six 20 Publish Six 20 Pritish Six 20 Publish Six 20 Pub

7% Uns Ln Stk 85/80 - 290

British Steel PLCOrd 50p (Pty
PdLA-20/189) ~ 60% % .689 % % 1 1
.061 % % %

ADR (10:1) (Pty Pd) - 311% 4

British Suger PLC 10%% Red Deb Stk
2013 - 2101%

Bulgin(A.F.) & Co PLC Ord Stk 5p - 97
(4.689)

Burd PLC7% Cnv Uns Ln Stk 95/97 - 290

Burlon Group PLC3% Uns Ln Stk 98/2003
- 280

% Cnv Uns Ln Stk 4698/2004

~ 230 8% Cay Une La Stk 1996/2001 ~ 286 8

Buttin's Ld7%% 1st Mtg Deb Stk 85/90 -

Buttin's Ld7%% 1st way was 253%
5% 2nd Mitg Dob Six 82/87 - 284
Cable & Wireless PLC7% Cnv Uns Ln Six 2006 - £1001/2 2 3% 4 5
Gadbury Schweppes PLC3%% Cum 1st Pri Six 21 - 47%
Caffyns PLC10% Cum Pri £1 - 115
Calebread Robey & Co PLCOrd 10p - 155 (44/88)
8 % Uns Ln Six 93/86 - 278 (44/88)
Cathyliar Inc She of Cum Six 51 - 44/48

Centreway Industries PLC11% Cum Prf 21 - 1070

- 1076 Chembertain Phipps PLC5% Cum Pri 21 -85 (3.1s65) Chismel Tunnol Investments PLC5p - 100 3.5 7 89 70 1 2 4 5 8 7 8 0 82 Charter Consolidated PLC2p(Br) (Cpn 45) 45 (4 bel6)

Charter Consolidated PLC2p(B1) (Cpn 48) - 451 (4.869) Clyde Blowers PLC0rd 25p - 300 Costs Petons PLC38% Une Ln St; 2002/07 - 266 (4.969) Costs Vlyelin PLC4.9% Cum Pr1 £1 - 62% Cohen(A.) & Co PLCNorLV \*A\* Ord 20p -725

725 Coloroli Group PLC9p Cum Red Pd 2005 10p - 100% (\$J.e89) Compess Group PLCNew Ord Sp (Fp/L-25/1/89) - 258 0 90 2 2 Couraulds PLC9% Cum Red 2nd Pd 21 -

(FpLA-25/189) = 259 0 60 2 2
Courtmids PLC9% Gurn Red 2nd Pd 21 - 58
75% Deb Sitt 89/94 - 289%
55% Una Ln Sitt 94/95 - 273
85% Una Ln Sitt 94/95 - 273
85% Una Ln Sitt 94/95 - 273
75% Una Ln Sitt 94/95 - 273
75% Una Ln Sitt 94/95 - 273
75% Una Ln Sitt 20/005 - 250
Cowlet 1 PLC 105% Cure Pd 21
- 21/27
Crode international PLC5.9% Cure Pd 21
- 75
Crostablete Hidde PLC6.5% Crov Una Ln

-75
Crystalate Hidgs PLC8%% Crw Uns Ln
Sit 2003 - 252
DAKS Simpson Group PLC0rd 25g - 218
(A-188)
DRG PLC7%% Uns Ln Sit 8597 - 239
Davies A Metcalis PLC0rd 10g - 119
Davies & Metcalis PLC0rd 10g - 119
Davies & Metcalis PLC0rd 10g - 119
Davies A Metcalis PLC0rd 10g - 119
Davies & Metcalis PLC0rd 10g - 119
Davies A Metcalis PLC0rd 10g - 119

- 3572 Debenhame PLC6%% Units an 227 (4.1989) 287 7% Units Lin Six 2002/07 - 277 (4.1989) Denocra PLC6.29% Cum City Red Pri 21

Denotors PLG-92% Gum Chr Red Prf £1 – 130 (3Ju89)
Desouther Brost/Hdgs) PLCS-25% Quite Prf £1 – 70 (4Ju85)
Devinturet PLCOrd 10p – 85
Dickie (Jemes) PLCOrd 25p – 112 (4Ju89)
Devity Group PLC 7% Cav Cum Red Prf £1 – 109 10 % 1 1
Dyson(J.S. J.) PLC7%% Chr Une Ln 9th 87/82 – £130
East Lencashire Paper Group PLC7%%

orrod = 2150 East Lancashire Paper Group FLC7%% Uns Ln Six 87/92 = 283 (3.569) Electron House FLC6.5% Cnv Cum Red Pri £1 = 87 (4.589)

PIT E1 - 87 (4.1689) Elliost(B.) PLC7% Caw Cum Red Prf £1 = 840 50

Empire Stores(Brackord) PLC8%% Deb Stk 91/96 - 290 (4Je89)

(Finance) NV 81/2p Gtd Red Criv

9 (4,Ja89) 60 PLCCum Pig Cov Red Prf 1997 1p

(4.1689) 10%% Red Deb 98k 90/35 — 299 12%% Red Deb Sø: 2008 — 2114% % % hibreed & Co PLC4%% 1st Cum Pri Sø:

Corporation and County Stocks No. of bargains included 8 London County 21/1% Cons Stk 1920(or after) — E20 (3.1389) Greater London Council 81/1% Stk 90/92 — Greater | £87%

Minotester Corp.4% Cors. Irrd Sit. - 528
Norwich Corp.3% Red Sit. - 520% (3Ja59)
Reacting Corp.3% Sit. 1962(or atter) - 522% (4Ja59)
33.% Sit. - 527.% 9
Sundariant/European and 1146 35% Stt. - 227% Sunderland(Borough of) 11 k% Red Stt. 2006 - £102 (Jus69) .ocal Authorny 8 15/15% Bds 26/7/69 - 258.402 (Jus69) 10 15/16% Bds 2/8/89 - £96.897

**UK Public Boards** Agricultural Mongage Corp PLC6%% Deb Str. 85/90 - 191 (4Ja59) Str. 85/90 - £31 (4.)±89)
7%% Deb Str. 01/83 - £36
10%% Deb Str. 01/83 - £36
(300-869)
Clyde Port Authority 3% Irrd Str. - £22
4% Irrd Str. - £23
Port of London Authority 3% Port of

London A Stk 29/99 - 249 (3Ja89 8%% Reg Stk 87/90 - 2940 %0 Foreign Stocks, Bonds, etc-(coupons payable in LONGON) No. of burgains included 11

(4,489) Astonal Building Society Fing Rate
Nts 1991 (Br£10000) - £100.02
Bank of Montreal Fing Rate Dep Nts
1994(Br£5000£50000) - £99.99 (4,1889) Park of Monreal rig Haza Dep Nas 1994(8-2500285000) - 259.59 (4.1a6) 8ritarnia Bultchg Society Fits Rate Nas 1998 (Brich000) - 259.78 (3.1a8) DRG PLC6314 Subord Cnv Bos 2002 -258140 1/40

938% % Polenmark(Nopton of)11% Bds 1994 — \$102% \$\text{\$\Phi\$}\text{\$\phi\$}\text{\$\

2350 Meggitt Financa N.V. 6% Gtd Red Criv Pri 2003 ~ 20.915 Nationwide Building Society Fitg Rate Nis 1995[8:25000] ~ 239.97 (3Juss) New Zealand 8½% Nis 1993 ~ 294 ½ (3Ja89) Next PLC5%% Crv Bds 2003 - 297

Nepd PLC5%\*COTW Bids 2013 - 1937 Rolls-Royce PLC5%\*S hts 1983 - 258 Royal Bank of Scotland Group PLC59%\* Nts 1984 (Without Warrents) - 2584\* %40 K40 Smith & Nephew Associated Cos PLC -\$198.76 Very Subord Bids 2001(875500) - 255% Tesso PLC4% Crw Eds 2002(875000) - 250% (SJa65) 2002(E17100085000) - 2100% (3Ja89) Wookwich Equitable Building Society Rig Habs Lin Nie 1995(B12100002100000) -299.81

Sterling Issues by Overseas

Borrowers Asian Development Bank 10%% Ln Stk 2005(Reg) = \$39% 100 Australia(Commonwealth of)9%% Ln Stk Australia (Commonwealth p) 9% % Ln Stk 2012 (Reg) = 291 % Ф 9% % Ln Stk 2012 (R) = 292% (MDe86) 11% % Ln Stk 2016 (Reg) = 2108% W ank of Greece 10% % Ln Stk 2010 (Reg) = 293 % %

Bank of Greece 10%% Ln Stx 2010(1994) - 293% % 10%% Ln Stx 2010(94) - 293% 
Cigne Overlees Frience NV13% Uns Ln Stx 2008 - 2103 % 10% (41,869) dkloodom ob 13% Ln Str 2005 -2115% % tricke de France 12%% Gtd Ln Stk

2008(Reg) = 2117"% 11%% Gtd Ser Ln Stk 2009/12(Reg) = ETIX-XW European Investment Bank 9% Ln Stk 2001 (Reg) = £887% 95% Ln Stk 2009 = £947% 10%% Ln Stk 2004(Reg) = £99% % 11% Ln Stk 2004(Reg) = £108% % 11% Ln Stk 2004(Reg) = £108% % 1400-Dusbec (12.75% Ln Stk 2015 = £117% 8% 1896 Ln Stk 2011 = £134% /d.lsenn

18% Ln Stk 2011 ~ £134% (4.569) Inco Ld15%% Uns Ln Stk 2006 \$ Rep Opt = £129**©** tin Stk 2015 – £95% ½ (4Ja89)

International Benk for Rec & Dav9%% Ln Sik 2010(Reg) = £94%@ 97% Ln Sik 2010(8-25000) = £94% 11.5% Ln Sik 2006 - £107% 8 (44x89) Indund 12%% Ln Sik 2008(Reg) = £114% Instead 12%% Lin Set 2000(Fleg) = 2.174 % % New Zesland 11%% Sik 2008(Fleg) = £108

76
1111/4 Str. 2008(Br 25000) - 21051/4
1111/4 Str. 2014(Reg) - 21081/4
Nova Scotle(Province of) 1111/4 Ln Str.
2019 - 21081/4
Petroleos Mexicanos 141/4 Ln Str. 2006 - 2954 Portugal(Rep of)9% Ln 9tk 2016(Reg) — 234% (4.last) 284% (Aladis)
Province de Quebeo 12 % Lin Six 2020 ~
2114% (Aladis)
Spein(Kingdom of) 11 % Lin Six 2010(Reg) — 2110% (Aladis)
Sweden(Kingdom of) 9 % Lin Six 2014(Reg) — 224%
Thridad & Tobago(Reg) Lin Six 2014(Reg) — 284%
Thridad & Tobago(Reg) & 288% (Aladis)

Banks and Discount

Companies No. of bargains included 1815 Bank of Intend(Sovemor & Co of)7% Ln Sox 88/81 - 2849 Bankbaya Bank PLC7%% Une Cap Ln Stk 88/91 - 290 8%% Una Cap Ln Stk 88/93 - 289% 90 12% Une Cap Ln Sik 2010 – 2107% 16% Une Cap Ln Sik 2002/07 – 21314

3arings PLC8% Cum 2nd Pri £1 - 89% % 90 and Bank PLC7%% Subord Uns Ln Stk 83/93 - £88% (300e68) 10%% Subord Uns Ln 6tk 93/98 -

10%% Subord Uns Ln Stk 93/98 – 299% 102 - 299% 102 - 299% 102 - 299% 102 - 299

Breweries and Distilleries

DIGWEST 125 21 AU LIVESTREES

No. of bargains included 441

Affied-Lyons PLCADR (1:1) - \$8.05
(4.1087)
51% Cum Pri £1 - 50 2
71% Cum Pri £1 - 70 1
61% Red Deb Six 84/89 - 296 //
61% Red Deb Six 85/83 - 296 //
61% Red Deb Six 85/83 - 296 //
71% Aed Deb Six 85/83 - 296 //
71% Aed Deb Six 85/83 - 296 //
71% Aed Deb Six 85/83 - 287 (% %
11% Deb Six 2009 - £111 //
88% Uns Ln Six 85/89 - 283 (4.1689)
88% Uns Ln Six 85/89 - 283 (4.1689)
7% Cum Pri £1 - 90 (3.1689)
7% Cum Pri £1 - 90 (3.1689)
85/8 Deb Six 87/82 - 290 1 // 8
77% Uns Ln Six 92/97 - 293
88s Investments PLC6% Uns Ln Six 82/90 - 288
76/% Uns Ln Six 92/97 - 290 (4.1689)
Beddington Group PLC9% Cnv Uns Ln Six 82/90/00 - 2162
Butmer(H.P.)Hidgs PLC6% Uns Ln Six 2000/05 - 2162
Butmer(H.P.)Hidgs PLC6% 2nd Cum Pri £1 - 97 (4.1689)
Burtonwood Brewery PLC7% Cum Pri £1 - 65
Greenall Whitsey PLC6% Cum Pri £1 - 60

- 95
Greenal Writtey PLC8% Cure Pri £1 - 60
7 1/4% Deb Six 67/62 - 567 (4.1889)
61/4% Int Ure Ln 50x - 2734, (3.1889)
Guinness PLCADR (5/1) - 530.08 (4.1889)
Herdyn & Hensons PLCOrd 25p - 620
(4.1859)
4.1859 insfield Brewery PLCOrd 21 ~ 453 attish & Newcastle Breweries PLC 200881 2 1094Casta Stewards P204-5 Cum Pri 21 - 65 7% Criv Cum Pri 21 - 173 (4Je89) 8.35% 1st Mig Deb Sik 84/89 - 297% 7.1% 1st Mig Deb Sik 85/90 - 294 (3.1669) eagram Distillers PLC 12%%, Deb Six 2012 - £114% % % %

English Electric Co Ld 7% Deb Stk 86/91 ~ \_ 290 1 2% 3uropean Home Products PLC8%% Cum Red Pri 2001/05 21 - 97% (3Ja89) 8%% City Cum Red Pri 2008/11 21 -107 7

1077 Currotunnel SA Units (Stoward Interfact) = FR57 : 1.3.35 % Excellent Jewellery PLC 11.9% Curr Pri £1 = 116 (4Ju88) Fit Group PLC 71.7% Crv Curr Red Pri \$559 £1 = 93 8 Fairey Group PLC New Ord 5p (Fpt.A-4/2/8) = 140 1 % Persent International Signal PLC 5.6% 1st Curr Pf £1 = 32 Frisy/Jemes)PLC 4.2% Curr 1st Pri Stx £1 = 82%

- 82% — Flaona PLC ADR (4:1) - \$16,7250 ,850 70 ,0250 ,150 5%% Una Ln Sck 200409 - 282 (3Ja89) Flavelop PLC 8%% Cum Pri IRS1 -Folkes Group PLC Ord 5p - 81 (4.1e89) Porminater PLC11% Cum Pri £1 - 120 (3.1e89)

Fortnum & Meson PLCOrd Stk 21 - 234 (4.185) Fossco PLCSK% Chv Red Cum 2nd Pri -117 (3.1869) 10% Cnv Une Ln Stk 90/95 - £118 (3.1889) GKN (United Kingdom) PLC7X% Gtd Deb Stk 87/82 - 287 (300e88) 7%% Gtd Deb Stk 87/92(2nd Ser.) -

289 10 ½ % Gtd Deb Stk 90/95 – 299 Seneral Electric Co PLCADR (1:1) – \$3.53 7% Uns Ln Stk 87/92 – 285% (3Ja89) Sectotrer Hidge PLCOrd Cap 25p – 243 Gestetner Hidge PLA 4.14 (1989)
18% Cav Una Ln Stk 90/95 - 2110
Gisou Group Ld 6%% Una Ln Stk 65/95
50p - 40/9
Glymwed International PLC7%% Cum Pri Glymmed International PLC7%% Cur 21 ~ 700 10%% Une Ln Sek 94/99 ~ 298 8 regg) Netn PLCOrd 10p ~ 42**0** d Metropolitan PLCO% Cum Prf £1 ~

48%
9% % Cum Pri 21 - 53®
5.75% CULS 1989 400p (200p Pily
Pd((Rog) - 229 9 % 30 1 2 2 8 4 5 8 7
met Universal Stores PLC 55% Red Una
Lin Sitk - 240 (3.198)
8%% Una Lin Sitk 93/98 - 287 (4.188)
luff & Western Industries, inc Com Sit \$1 Gulf & Western Industries,incCom Six 51 = 282% (3Je89) Hell Engineering(Hidge)PLC5.55% Cum Pri £1 = 70 (30De88) real Engineering(Hdgs)PLC5.55% Cum Pri £1 - 70 (300e89) Hawker Siddeley Group PLC5%% Cum Pri £1 - 50 2 5% 4 % 4 7%% Deb Str. 87/82 - 287 Herrburger Brooks PLC25p - 180 (4.1889) Hunting Associated Industries PLC6%% Gre Uns Ln Str. (2008 - 2240) IMI PLC6% Uns Ln Str. 88/90 - 293% (3.1889) Isselend Frozen Foods 18/40 - -

(3Je89) selend Frozen Foods Hidgs PLCChy Cum Red Pri 20p - 89 ½ 90 ½ 1 Red Pri 20p - 89 % 90 % 1
Illingworth, Morris PLCS%% Cum Pri Stk .
£1 - 66 (3.1869)
8%% Cum 2nd Pri Stk £1 - 66 (3.1869)
1mperial Chemical industries PLC 5%%
Ura Ln Stk 94204 - £53 4
7%% Uns Ln Stk 86691 - £89 90 % 1
9%% Uns Ln Stk 86691 - £89 90 % 1
9%% Uns Ln Stk 86691 - £89 90 % 1
11%% Uns Ln Stk 87696 - £107 2%
Interretional Paint PLC 6%% Uns Ln Stk
80936 - £286 (4.1859)
Interretional Stand Electr Corp5%% Stg/\$
Cre Uns Ln Stk 7969 - £94 (3.1859)
Jessupe PLC
- 95

- 89 Avon Rubber PLC4.9% Cum Pri 21 ~ 82 Ayrahre Metal Products PLCOrd 25p = 195 200 B.A.T. Industries PLCADR (1:1) ~ \$8% - 95
Johnson & Firth Brown PLC 11.05% Cum
Pri £1 = 122
11% Urns Ln Stk 93/96 - £84Φ
Johnson Group Cleaners PLC 7.5p (Net)
Cnv Catm Red Pri 10p = 108 11
Johnson Matthey PLC 8% Cnv Cum Pri £1 BAT Industries PLCADR (1:1) ~ 38% (4Ja89)
BAT, Investments PLC10% Uns Ln 3tk 9095 = 2970
10%% Uns Ln 3tk 9095 = 2100
BCC PLC6% 1st Cum Prf Stk 21 ~ 65
7% Deb Stk 8590 = 291 (4Ja89)
7%% Deb Stk 8095 - 296
BCC Group PLC4.59% Cum Prf 21 ~ 58
3.5% Cum 2nd Prf 21 ~ 46 (4Ja89)
12%% Uns Ln Stk 2012/17 - 2110% %
BPB Industries PLC10%% Deb Stk 97/2022 - 299 (2Ja89)
B.S.G. Interretional PLC12%% Uns Ln Stk 9398 - 2100 (3Ja89) ~ a/U 80 Keledy Industries PLC11¼% Cum Prf €1 ~ 125 125
Keruning Motor Group PLC5%\*\* Cum Pri
£1 – 57 (31,889)
Keppel Couperation LdOrd \$5 1 – \$52.8
LeingLota) PLCOrd "A" Non Vig 25p –
272 2 4 4 93/98 - £100 (3Ja89) BTP PLC7.5p(Net) Cnv Cum Red Pri 10p - 101 (4Ja89) BTR PLCWarranta to sub for Ord - 70 70 1 % 2 2 3 3 .073 .926 4 5 6 8 7

Lamont Hidgs PLC10% 3rd Cum Prf £1 = 100 (SJa99)
LandLelson PLC8%% Cum Cnv Red Prf 21 – 450 (4.585)
Lapone Industries(fddga) PLC5%% Deb Six 88/83 – 292Ф 8% Deb Six 93/98 – 297% (300-68) Leture Investments PLC7% Curt Crv Red Prf (1988) 21 – 89 90 Levis(John) Parinership PLC5% Curt Prf Six P1 – 47 Louis (John) Permership PLC5% C Six 21 - 47 Lex Service PLC2nd Ser Was To Subscribe for 1 Ord - 148 To Subscribe for 1 Ord - 140 (3Ja69) 8%% Uns Lin Stk 92/97 - E88 (3Ja69) porto PLCADR (1:1) ~ \$8.2 (4Ja69) porto PLCADR (1:1) ~ \$8.2 (4Ja69) porto PLCADR (1:1) ~ \$8.2 (4Ja69)

Pri 21 = 129 30
Lucas Industries PLC 10%% Uns Ln Stk
92/97 - 2160
MB Group PLC 40% Cum Pri Stk 21 = 85
10% Lucas In Stk 92/97 - 998% 100 MB Group PLC4.9% CMm P7 SNC 71 - 85: 105.% Lins Lin SNC 92:97 - 299½ 100 McCarthy & Stont PLC4.7% Cum Red Pri 2003 £1 - 101½ (3Ja89) 7% Cmv Una Lin SN: 99:04 - £149® McKectnile PLC6% Cum Pri £1 - 55 Manganose Gronze Helgs PLC9½% Cum Pri £1 - 80 (30De85) Mgmr Nasional PLC 10½% Red Cum Pri £1 - 100 (3Ja89) Mexica & Spencer PLCADR (6:1) - \$16.8 44Ja89.

Matria o comercia (4.168)
7% Cum Pri £1 = 65
10% Cum Pri £1 = 95
Markey PLC 85% Cum Pri £1 = 61
Macca Leisure Group PLC 7.25p (Net) Cnv
Cum Red Pri 20n = 90 % 1 % 2
Michelin Tyro PLC 95% Deb Stk 92/97 =
CSR

ento Co Com Stk \$2 - \$81 (4Ja86) Morgan Crucible Co PLC7.5% (Net) Crw Cum Red Prf £1 = 104 4 % % 5 8 NSM PLC8.5p (Net) Crw Cum Red Prf 10p redii PLC8%% Cum Pri 21 - 78**0** International PLC7% 1st Cum Pri 21 Newton Chembers & Co Ld6% 1st Cum Noble & Lund PLC5% Cnv Cum Red Pri 1 - 132 Norcros PLC16%% Deb Six 90/95 -£110%@ Norsk Deb Six 90/95 -

E1101/49
Norsk Data AS Class "B"(Non Vtg) NRC20 ~ NRA5 45%
Northern Foods PLC71/2 Deb Six 65/90 ~ 990 (3Ja89)
Cosonics Group PLCWarrants to sub for Ord ~ 12 (4Ja89)
Partifield Group PLCClass Red Pri 2010/13
£1 ~ 90 (30De68)
7% Cum Cnv Red Pri £1 ~ 250 (30De68) son Zochonis PLC 10% Cum Pri 21 =

105 8
Paarson PLC3\*\*\* Cum Pri £1 - 53% 4% 8,575% Une Ln Sik 88/83 - 270 8,975% Une Ln Sik 88/83 - 270 Pentos PLC18\*\*\* Cnv Uns Ln Sik 1990Sartes\*A7 - £100 (4,486) Pergumon A09 PLC7-56 Cnv Subord Ln Sik 2002 2%p - 55
Pilar Electrical PLC7\*\*\* Une Ln Sik 86/81 - £90 (40088) PLC7\*\* Cum Pri £1 - 101
Paseurama PLC7\*\*\* Cum Pri £1 - 101

Pitter Gamer PLC5% Com Pri 21 - 101
Plessurama PLC7.75% Cnv Cum Red Pri 21 - 104@
Plessury Co PLCADR (10:1) - \$40% (4:a58)
7.% Deb Stx 92/97 - 283 4 (4:a69)
Porter Chadburn PLC6% Cnv Cum Red Pri 193 21 - 130 (4:a69)
Powers Duffnyn PLC4%% Cum Pri 50p - 20 (4:a69)
Powers creen International PLC13% Cnv Uns Ln Stx 1985 - 2530 8
Culcte Group PLC 10% Cum Pri 21 - 100 (3:a69)
REA.Hidgs PLC9% Cum Pri 21 - 80 (3:a69)

(3.1889)
12% Criv Uris Ln Stk 2000 – 257
RPH Ld0% Deb Sik 92/96 – 284 (3.1889)
4%% Uris Ln Sik 200406 – 240 (4.1889)
7%% Uris Ln Sik 27/92 – 258%
8% Uris Ln Sik 99/2004 – 284%
Racal-Chubb Ld3%% Uris Ln Sik 87/92 ~
258 Racal-Chubb Ld8%74 une L. 288 Bectronics PLCADR (1:1) - \$5.3 Racal Electronics PLCADR(10:1) - \$54.8 .95 87 5.048632 Consideration PLCADR (1:1) - \$13.2 S7 5.048xsx Rank Organisation PLCADR (1:1) - \$13.2 % (3.1859) McDougal PLCS%% Une La Six 9074 - 259 8%% Une La Six 97.95 - 250 Ransonna Sims & Jofferies PLCS%% Cum Prf 21 - 46 Ratiness Group PLC6.25p City Custs The Alta Rad Prf 20p - 83 Non-Vtg Red Prf 20p = 83 Redditt & Colman PLC5% Cum Prf 21 =

48%

Rockware Group PLC7.25% Chr Cum

Rod 2nd Pri 21 – 94 (4.Ja89)

8% Una Ln 5% 95/99 – 286 (5.Ja89)

Rugby Group PLC5% Una Ln 5% 93/98 –

270 (4.Ja89)

74% Una Ln 5% 93/98 – 280 (4.Ja89)

SD-Scicon PLC6.5% Chr Cum Red Pri 21

— 11869 (300e88) Sirdar PLC7%% Cum Prf £1 - 65

600 Group PLC3.15% Curt Ptf £1 = 43 (3.1e39) 6%% Um; Ln Stk 87/92 = 285**©** 11% Um; Ln Stk 92/97 = 289 (3.1e89) Smith (W.H.) Group PLC15\* Ord 10p = 48 3% Cum Red Prf 21 - 52 (300e86) Smith's Industries PLC111% Deb Sik 95/2000 - 2101% (4Ja89) Sperist(GA)(Special Agency)Ord S0p -211%

\$11%\(\phi\) = Splints (17%% Deb Sit 84/89 - 296% Squibb Corp Com Sit \$1 - \$65.%\(\phi\) Staveloy industries PLC7%% Uns Ln Sit 88/33 - 287% (31/69) Staveloy Inclustries PLC7%% Uns Ln Sit 88/63 - 287% (31/69) Staveloy PLC6%% Deb Sit 85/90 - 290 (31/69) Storehouse PLC0% Cnv Uns Ln Sit 1992 - 21/20% - £120% Summer International PLC7.5% (Net) Criv Cam Red Pri £1 - 70 (4Ja89) Sutcitite.Spealman PLC9%% Red Cum Pri £1 - 100 (4Ja89) Swan(John) & Sons PLCOrd 25p - 555 T & N PLC10.1% Mtg Deb Stk 90/95 -244K (4Ja80)

T & N PLC10.176 why sees 254% (33e89) 11 k% Mbg Deb Sik 95/2000 - £103© 11 k% Mbg Deb Sik 95/2000 - £103© 75k% & K £1 - 62% 77k% Deb Sik 89/94 - £93© Teifos Hidge PLC Warrents to sub for Ord - 75 02 8% Cum Pri 21 - 96 esco PLC4% Uns Deep Disc Ln Sik 2005 8500 PLU-79 Unit Server - 247% Order Transport Organisation PLC5.83% Cum Pri 21 - 900 21.7% Cum Pri 25p - 85 (3.la89) Transport T-Line PLC5.75p(NegCnv Cum 110 Red Pri 20p - 110 THORN EMI PLC7%% Une Ln Stk 89/92 -

296 7%% Una Ln Stk 2004/09 - 274® 8%% Una Ln Stk 89/04 - 532 Ming(Thomas) PLC5-25% Cum Pri £1 -8½% Una Ln Sik 89/84 - 280 8 9% taghur Jule Factory PLCOrd Sik 21 -Thaghur Jule Factory PLCOrd Sk 21 – 490 (JJa69) Tootal Group PLC4%% Parp Deb Six –

Tootal Group PLC4%% Parp Deb Six - \$40
7 %% Una Ln Six 89/94 - £37©
Tristly International Hidgs PLC0% Cum Pri
Six 21 - 47
Trusthouse Forte PLCWarrants to sub for Ord - 63 (41-89)
7.25% 1st Mtg Deb Six 85/91 - 291
10.5% Mtg Deb Six 91/98 - £100% %
9.1% Uns Ln Six 95/2000 - £35
Unigete PLC 85% Uns Ln Six 01/96 - £75
Unigete PLC 45R (4:1) - £59.3 (3J-889)
0% Uns Ln Six 91/2006 - £30 % 1% 2
Union International Co PLC0% Cum Pri
Six 21 - 57

0% Units Ln SR: 91/2000 - Sput of the Linkin Internetional Co PLC0% Cum Pri Sit 21 - 57
Unitsys Corp.Com Sit 35 - 3291/40
United Biscults(Hidgs) PLC6% Deb Sit 93/98 - 985 (SJ889)
United Scientific Hidgs PLC5.5% Cnv Cum Non-Vig Rad Pri 21 - 73 5
Upton(E.)8 Sons PLCOrd 25p - 80
(CLe88) ers PLC6% Cum(Tex Free To 30b)Pri Victor Products PLC10% Cum Pri 21 -110 (3Je89) ctoria Carpet Hidgs PLC Ord 25p - 159 Victoria Carpet rings risconding (300e88) WB Industries PLCOrd 10p - 62 3 3 11.5% Carp PPL 51 - 85 WCRS Group PLC95% Crv Cum Red Pri 1999 10p - 85% 8 (4.5e8) Wagen Industrial Hodgs PLC7.25p (Net) Crv Ptg Pri 10p - 109 Walter & Staff Hidgs PLCOrd 5p - 130

Walter & Statt Hage - Local Sp - (4Ja29) (4Ja29) Walter(Thomas) PLCOrd 5p - 58 (3Ja29) Warner-Lambert CoCom Stk \$1 - \$A80 (3.1±89) atertord Glass/Wirld Wedgwood PLC - 120.955 0.97 p 80% % 2 - telless (197 p aux 122 Yetmoughs(Hidgs) PLC8%% Cum Red Pri 2006 Et - 92% % (Ala89) Yaverley Cameron PLC7.5p (Nei) Crw 2000 £1 - 529 % (Alaes)

\*Veverley Cameron PLC7-50 (Net) Crw

Curn Red Prf 5p - 93 (Alaes)

\*Vestiand Group PLCWerrants; to sub for

Ord - 48 % 9 9 50

7%% Crw Qurn Prf £1 - 1400

\*Whitecott PLC4.1% Curn Prf £1 - 55% 8 Whitecroft PLC4.1% Cum Prf 21 ~ 55% 8 60%; Widney PLC8.76% Cnv Cum Red 2nd Prf 2000 £1 ~ 107 (3.1889) Williams Hidgs PLC8p (Not) Cum Cnv Red Prf 10p ~ 93 4 4 % 5 8 % % 6

Financial Trusts, Land, etc. Argyle Trust PLC 11% Cav Subord Uns La Sik 1992 ~ £113 Armour Trust PLC 10%% Uns La Sik 81/96 attic Gifford Technology PLC Warrants to sub for Ord -9 Pritannie Arrow Holgs PLC6X % Cum Pri £1 = 60 (300e88) x1 = 50 (300e88) British & Commonwealth Hidge PLC 10%% Une Ln Sex 2012 = 265% 6% Capital Strategy Fund Ld Ptg Red Ptf \$0.01(Japan Fund Sha) = \$2.68

(300e88) Daily Mali & General Trust PLCOrd 50p = 2440
Exploration Co PLCOrd Stk. 5p = 160
(24e89)
F & C Enterprise Trust PLC Ser B
Warrants to sub for Ord = 10 (34e89)
G.T.Asia(SeringFund Ld Ptg Red Pri 1p = 29.17 (44e89)
Highcroft Investment Trust PLC Ord 25p ~ 250 (44e89)
Bill Global Funds Ld Ptg Red Pri 30.01(Managed Sts) = 217.51
Styst. Cres Red Di 2002 (41.69)

5%% Cum Red Pri 90/92 21 - 88 (Sub89)
8% Use Ln Sik 8790 – 290 (Sub89)
httematical Cay Hidge PLC8%% Cnv
Cure Red Pri 21 – 87
htt Stock Exchange of UKSRep of InLd
7%% Mig Date Sik 9095 – 283
10%% Mig Date Sik 2018 – 295 (Sub89)
Korse-Europe Fund Ld Sits \$0.10 – 221%
2-78

\$ 38 Stat(RDR to Br) \$0.10 (Con 2) — 222.669255 \$ 39 41 750 875 MIM Britannia Jorsey GRI Fund Lid Pig Red Pri 1p - 18.5 (Subsis) Morcury Citistons Sterling Trust Sits of NPY(Dversees Fund) ~ 104.3 Sits of NPY(N.American Fund) — 90.9 (June) (%3857) Mezzanino Cephatilino Tet 2001 PLCInc Shs 21 ~ 148 (3.1e89) NIAC Group PLCWarrants to sub for Shs ~ 77 5-77
Save & Prosper Gold Fund Ld30.01 = \$12.77
Second Market Investment Co PLC25/%
Criv Una In 9kt 1994 - 258 & (3.la69)
Secure Trust Group PLC New Ord 1p
(FpLA-307/89) - 1459 89
Strata Investments PLCWarrants to sub-lor Ord - 30 (4.la69)
TR Worldwide Strategy Fund Sicav Sha
NFV (North America Fund) - £1.0023
(4.la69)

(4.1839)
Shis NPV (Nutl-Currency Bond Fund) —
20.9964 (4.1859)
Thai Investment Fund Ld Ptg Red Ptd
\$0.01 — \$11%
Thaillend international Fund Ld Ptg Shis
\$0.01 (ithras to Br) — \$8%
Thomston Pacific investment Fund SAE1 —
856 Value & Income Trust PLCWarrants 88/94 to sub for Ord - 129

insurance Commercial Union Assurance Co PLC5% Cum Red Pri 89/2009 £1 ~ 53 (4,1289) Jeneral Acc FireStLife Asso Corp PLC – 288 – 288 7444 Uns Ln Sik 92/97 – 298 Austrillen RovallExchange Assurar

**Investment Trusts** 

Australia Investment Trust PLC Warrants to auto for Ord - 10 (4.1686) Baffle Gifford Japan Trust PLC Warrants to sub for Ord - 380 00 (4.1686) C.S.C.Investment Trust PLC Ord 25p - 205 CS.L.Investment I rust PLC-Ord 25p - 205
Capital Gearing Trust PLC-Ord 25p - 295
(Alu89)
Drayton Consolidated Trust PLC-2.6%
Cam Pri Sit. - 2100 (30Dx68)
S-% Cum Pri Sit. - 2100 (30Dx68)
ETM Dragon Trust PLC-Warrants to soft for Ord - 3
Edinburgh Investment Trust PLC-3.66%
Cam Pri Sit. - 254 (30Dx68)
11%% Dxtb Sit 2014 - 2103% (3Lx66)
External investment Trust PLC-Ord £1 - 636 (30Dx68)
F.A. C. Pacific Investment Trust PLC
- 78

Part Comments of the Part Comments of the Part Comments of the Part Comments of the Part Spanish have Trust PLC Warrants to sub-for Ord - 17% is Planning American Inv Trust PLC 5% Com Pri Six - 250 (2,3869) Flanning Mercantile inv Trust PLC 28% Com Pri Six - 250 (2,3869) Serving Mercantile inv Trust PLC 28% Com Pri Six 1 - 49 (2,1869) 3.5% Com Pri Six 21 - 49 (2,786) Com Pri Six 21 - 49 (2,786) Comments Statistic Column Pri Six 21 - 49 (2,786) PLC Comments Statistic Column Pri Six 21 - 49 (2,786) PLC Comments Statistic Column Pri Six 21 - 49 (2,786) PLC Comments Statistic Column Pri Six 21 - 49 (2,786) PLC Comments Statistic Column Pri Six 21 - 49 (2,786) PLC Comments Statistic Column Pri Six 21 - 49 (2,786) PLC Column Pri Six 21 - 49 (2,786 Geogram Income Trust PLC Warrants to sub for Ord - 8
Subble Investment Trust PLC 10% Deb Six 2016 - 266740 % 9
Govett Strategic fire Trust PLC 9%% Deb Six 2017 - 233 (4)469
London & St Lewrenco Investment PLC - 85 (3)469
5% Curn Prf 21 - 40 (2)469
Murray International Trust PLC+% Deb Six - 230 (3)00-689
New Guernery Securities Trust LdOrd 25p - 75 Northern American Trust PLC3%% Curn Prif Sit. - £54 (300e88) Scottish Eastern Inv Trust PLC9%% Deb Sit 2020 - £82% Septish National Trust PLC10% Deb Sit Socitish National Trust PLC 10% Deb Sik 2011 - 295% (3C0e88) Second Allisnot Trust PLC4%% Curn Pri Six - 245 (30De88) TR Cay of London Trust PLC 10%% Deb Six 2020 - 297% (4Ja89) SR: 2020 - 297% (4,0009)

4% Cum Pri Spt. - 245 (300e68)
Progmorton USM Trust PLC5%% Cum
Pry Criv Red Pri E1 - 87 (4,1289)

Muan investment Co PLC8% Deb Spt. 96:99 - 231 (4.1589) 8%% Deb Sik 2018 - 282%, %

Unit Trusts No. of bergains included 85 M.& Q.Gold & General Funding Units - 39 (3.1e89) M.A. G. International Income Funding Units = 57.9

Accum Units - 64,8 (4,1489) Mines - Miscellaneous malgamented Financial Inva PLCWerrants
tools | Indian PLCWerrants m sun for SRS = 3 Anglo United PLCCrw Red Pri 10p ~ 00 1 Besicht Minng PLC 10p = 32 (4Ja89) De Beers Consolidated Mines Ld Did R0.05(Br) (Cpn 82) - \$11.05 Whengura Copper Mines LdOrd Str \$21 - 5

5
Northchart Investments LdR 0.10 - 4
RTZ Corporation PLC3.325% "A" Com Prf
£1 - 44 (3Ja85)
3.5% "8" Cum Prf £1 (Reg) - 40 (3Ja85)
6%% Une Ln Str 85/90 - £88 (3Ja89)
Wavestey Mining Finance PLCWarrants to
sub for Ord - 23 (3Ja89)
Willoughby's Consolidated PLCPId 1p =
45/9

Mines - South African Barnato Exploration Ld Ord R0.01 - 43 Coronation Syndicate Ld R0.25 - 17 Coronation Syndicate Ld R0.25 = 17 (3.la89) Lebowa Platitioure Mines Ld Ord R0.01 = \$1.7

Oil No. of bargains included 1339 British Gas PLCOrd 25p (Rest.Transfer) 157 72 British Petroleum Co PLCADR (12:1) (225p Pd) - \$32,318923\$ .3538\$ .373921\$ .395\$ Burnish Oil PLC6% Cum 1st Pri Sik E1 -

56 6% Cum 2nd Pri Stk £1 - 55 71% Cum Red Pri Stk £1 - 68 9 ELF UK PLC121% Um Lin Stk 1991(Reg) - £102 - x102 Enterprise Oil PLC 10%% Uns Ln Six 2013 - 296% - 295%
Kelt Energy PLC New 6% (Net) Cav Cum
Red Pri 21 - 600
Occidental Petroleum Corp Com Sin; \$0.20
- 214 (4.1889)
Royal Dutch Petroleum Co N.V. FL10(Reg)
- FL230.7 233.18 Texaco International Financial Corp8% Stig/S Crw Gtd Ln Stk 81/99 - £107

Property No. of bergains included 453 Allied London Properties PLC8%% Crv Uns Ln Stk 1999 – 2295 (3Je89) Artington Securiose PLC9%% Cum Red Pri 2008 E1 – 59% (30De88) Sitton(Parcy) PLC,Accum Shrs 25p – 450 (AJe89) (4Ja89) upital & Counties PLC9%% 1st Mig Deb 5tk 2027 = 294% (3Ja69) 9%% Una Ln Stk 91/96 = 293

- 296% 8% Uns Ln Stk 2000/05 - 277 9% New 10%% ULS 2032/230Pd-28/2/

Property Security law Trust PLC8% Cum Pri 21 - 101% (4Je69) Zambie Consolidated Copper Mines Let'S' Ord K10 - 65 (3.1e89)

\$1.7 Lindum Reefs Gold Mining Co LdOrd R0.01 = 16 (4.1a89) Now Central Witwesersrand Areas Ld R0.50 - 25 (3.1a89) Trans-Natal Cost Corp Ld R0.50 - 70

6%% Red Deb Stk 94/97 - 270 6%% Red Deb Stk 96/98 - 259

Chartwood Alliance Hidgs Ld7%% Une Ln Sit 50p - 32% (4.1a89) Dames Estates PLC7.75% Cnv Carn Red Prf \$1 - 63 English Property Corp PLC9%% 1st Mrg Deb Sit 97/2002 - 591 (300e88) Great Portiand Estates PLC9.5% 1st Mrg Deb Sit 2016 - 200% Hammerson Prop Inv6.Dev Corp PLCOrd 25p - 835 9.9655 40

259 - 935 9.955 40

259 - 935 9.955 40

Hastenere Estates PLC105% 1st Mrg
Deb Sk 2016 - 290% (4.989)

Imry Merchant Developers PLC5.125%
Cam Crv Red Pri 21 - 71

Land Securities PLC6% 1st Mrg Deb Sk
85/83 - 295% (300-88)

7%% 1st Mrg Deb Sc 91/98 - 282%
9% 1st Mrg Deb Sk 2030
(200-6-31/1/89) - 231% (4.169)

85% Undon & Edinburgh Trust PLC6%% 1st
Cam Red Pri 2018 21 - 94% 65%

London & Edinburgh Trust PLC6%% 1st
Cam Red Pri 2018 21 - 94% 65%

London & Schober Sk 2630

London County Free. & Lass. Prop 85%

1st Mrg Deb Sk 8686 - 275 (3.989)

London Shop PLC10% 1st Mrg Deb Sk

1st Mrg Deb Sk 8686 - 275 (3.989)

London Shop PLC10% 1st Mig Deb Six 2026 - 233% (300e85) MEPC PLC9%% 1st Mig Deb Six 97/2002 225 % 6%% Crw Una Ln Sik 95/2000 - 2100

(SJast)
(SJast)
Mertin trierregional Properties Ld Cum
Rod Criv Pri 21 – 84 8 (SJast9)
Metropolitan Rily Surplus Lands CoLd
8 1/4 1st Mtg Deb Str, 86/91 – 201 (3Ja89)
På O Property Holdings Ld 0% Une Ln
Six 97/99 – 281 (3Ja89)
Peal Hidgs PLC5.25% (Het) City Cutt
Non-Vig Pri 21 – 10149 %
9%% 1st Mig Deb Six 2011 – 23349
%4 %4

Pri 21 - 101% (4Je66)
Roseinsuch Greycost Estates PLC 11% 1st
Mitg Deb Sit 2014 - 21020 W/©
Rush & Tompidas Group PLC 7.5% Criv
Cust Red Pri 21 - 118 (4Je66)
Town Centre Securities PLC 2% Criv Uns
Ln Sit 96/2000 - 2217 (4Je69) **Plantations** 

No. of bergains included 6 Anglo-Eastern Plantollons PLCWarrants to sub for Ord - 30 (3Ja89) 121/14 Una Ln 9tr 95/99 - 292 (3Ja89) 3eradin Hidgs PLC5p ~ 37 (3Ja89) Chillington Corporation PLCDid 25p = 87 9%% Cum Red Pri 21 = 95 8 (4Ja89) 9% Cav Una Ln Stk 1999 - £103 (3Ja89) Berhad SM 1 - 600

Shipping No. of bargains included 168 Si Hyphing No. of bargains included 169
Sergesen d-y AS-B\* Non Vtg She NK5 ~
\$53.39 (slus89)
London & Oversees Freighters PLCOrd
259 = 0% %
Pki Ord 19 = 6.2576 %
9 Pki Ord 259 = 77 8 81
Perincular & Oriental Steam Nev Co5%
Cum Pki Six = £46 (4.la89)
Warranks to purchase Dki Six ~ 110
(4.la88)

Utilities No. of bargeins included 10 elikstowe Dock & Reilway CoPrf Units -\$99% (4Ja89) 299% (4Ja69) Ianchester Ship Canal Co-4% Perp 1st Mtg Debs(Reg) – 232Ф Iersey Docks & Harbour Co-3%% Red Deb Six 79/89 – 231 (300e88) 3%% Red Deb Six 79/89 – 231 (300e88)

Water Works No. of bergains included 10 - 2850 (4.Ja69)
Cambridge Waster Co8%% Red Deb Stk
9207 - 280 (4.Ja69)
Coine Valley Waster Co4.025%(Pmly
85%)Red Pri Stk 8863 - 274
East Surrey Waster Co3.5%(Pmly 5%)Pri

8 % Fed Pri St. 8883 - 274
East Surrey Water Co.3.5% (Frely 5%) Pri
Sts - 2875
Ease: Water Co.7% Deb Sts 8768 - 285
Followstone & District Water Co.7% Red Pri
Sts 1996 - 255
Hartepoole Water Co.3.5% (Prely 5%) Mex.
Ord Sts - 2800
Mid Kent Water Co.7.6 Ord Sts - 2505
(3.1889)
Mid-Southern Water Co.3.5% (Prely 5%) Pri
Stylicoria Ord Sts - 2750 (4.1889)
Newclarité & Gasselward Water Co. - 2755 (4.1889) Newcastie & Gasserman version - 275 (4.Jul9)
- 275 (4.Jul9)
- 7% Red Pri Six 94/96 - £170 (4.Jul9)
Portsmouth Water Co 2.Triff(rint) 3%/Perp
Pri Six - £350 (4.Jul9)
South Staffordshire Waterworks Co - 2735 4.9%(Fmly 7%)Ord Stk Class C - 2735 A.Shiffeniy Found out on the Mest Hampshire Water Go Crd 19/4.9%
Maisfanly Falicit — 2500
3.5%(Falicit — 2500
3.5%(Falicit — 2500)

USM Appendix Apollo Metals PLCOrd 10p - 64% % 8 BLP Group PLC5p (Nat) Criv Cum Red Prf 10p - 106 (41689) Bistohley Motor Group PLCOrd 20p - 163 (3.1889) Capital Leasing Group PLCOrd http://ore

New Ord 10p (Pp/LA-8/1/89) ~ 78 (4.le69) Chyriaton PLC8.5%(Neg CnvCumRadPri 21(NBPd-9/1/89) - 0% % % 1 1 Continental Microvava (Hidge) PLC8.0% Continental Microwave (Hidge) PLC6.0% Cnv Cura Red Pri 2005 ET ~ 100 (3.1e89) CTV Cum Red Pri 2005 E1 ~ 100
(3.1869)
Dartry Group PLCOrd 5p - 197 40 2
EW Fast PLCOrd 5p - 55 (4.1869)
Embassy Property Group PLCOrd 10p 190 (300983)
New Ord 10p (PplLA-13/1/89) - 185
(3.1869)
Great Southern Group PLC6.78p Cum Criv
Red Pri 5p - 85 (4.1869)
Hodgson Holdings PLCGriv Pri 5p - 82

Red Pri Sp. – 85 (4)a80) Hadgeon Heidings PLCCnv Pri Sp. – 82 Kunick PLC7p (Net) Cnv Cum Red Pri Sp Metro Radio Group PLCNew Ord Sp Mento Haddo Carcop PLE New Circl sp (PpLA-9/H/89) — 188 Planning Research & Systems PLC Ord 10p — 106 6 (3.1e8) Custo Group Inc8,750(NeO CircCumRedShs of Pld Stk \$0.10 — 1043/9 Randsworth Trust PLC7% Cum Cnv Red Prf 21 - 96

Savage Group PLC6.5% (Net) Cum Red Cnv Pri 21 - 95 Cav Pri 21 - 95
Venture Plant Group PLCOrd 5p - 95
(300-86)
Visited Group PLCOrd 10p - 20 20 % 1
York Trust Group PLC Red Cluin Cav Pri
20p - 20

The Third Market Appendix No. of bargains included 84 Bedienham Group PLCWarrans to sub tor Ord ~ 30 (41a89) Edinburgh Hibernian PLCOrd 2p ~ 64 (300e85) Haemoosii PLCOrd 1p ~ 145 6% 7 8 humla West PLCOrd into,10 ~ 160,18 (8Ja89) Medicace PLCWarrants to sets for Ord — 50 Norton Group PLCADR (\$:1) ~ \$0.80 Swanyard Studies PLCNew Ord 1p (MI Pd-91/89) - \$0.000158 0.00025 0.00125 (\$J.489) Witten Group PLCOrd 1p = 4% 5 %

RULE 535 (4) (e)
Bargains marked in accurities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Aust. Foundation for ASI.415 (S/I)
Boral 1679 (4/I)
Brush Wellman SI.5 (5 (S/I)
City Developments 70 (S/I)
Conex Aust. ASO.039 (S/I)
Contum Resource 6 (S/I)
Devel ASO.31 (S/I)
Forest Laboratories £13 6 (4/I) Derex ASO.31 (5/1) Forest Laboratories 513 6 (4/1) How Par Bros int (Singaport Rep) 809 (30/12) Kigherd Steel & Vanadium 52.1 80%, 8,3 (5/ Killinsball Tin (Malaysia) Burbad Ord M35.136 (30/12) Kolfmorgan Corp S111<sub>4</sub> (5/1) Kolfmorgan Corp S111<sub>6</sub> (5/1) Malaysia Ord 240 (4/1) Malaysia Drd 240 (4/1) Mount Currington Mines AS12 (4/1) Mount Currington Mines AS12 (4/1) Malaysia Electrosits (Consolidated) 44<sub>0.5</sub> Gf New Town (N.7.1 Props SICS6.626 COOL22-Nitudent Computers Prf OM 318% CVIS OII Search 31,32 (5/1) Overseas Chinese Banking Corp SS8.0044 (49 1)
Patabora Mining 7371; 850.35 (471)
Regal Hotels (Mégn) 16 (3/1)
Para Exploration & Dev 12.14 (5/1)
Vultan Minerals 22 (3/1)

RULE 535 (2) Barga)na in accurities incorporated into UK & Republic of Ireland but not Ustadon any

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All Eag. Lawn Teroth Grd. \$500 Deb. 1986/
90 £27,000 £507.25
Allied Leather Ind. 77,85 €4/13
Ann Street Brewery £52
Appleton Kidgs. 12,13
Barrington Kidgs. 12,13
Barrington Kidgs. 12,13
Barrington Kidgs. 12,13
Conster Trust £25
Contor Trust £25 Guernsty Press 220 (4/1) Nambro Fd. Moors, Spec. Shs. Fd. 291.5 (4) UK Growth Fd. 68.6 (4/1) Inwort Benson (Guernsey) and Inc. 8d. Inc. DO. UK Growth Fd. 68.6 (4/1)
Kleinwort Benson (Guermey) inc. inc. 8d. inc.
566.7
Le Riches Stores 395 (4/1)
M. & G. Island Fe Acc. £11.32 (4/1)
Do. Inc. 598.1,621.8,639.7 (4/1)
AniM Britannia Intl. Am. Eq. Inc. 113.7
Mercary Fd. Mingrs, Mercary 1.0.M. Fd.
109.6 ad Bk, Tst. (Jersey) Offshore GIR 96,4 Militario St. 18t. Clerkey Wishing and Valor (3/1)
Ord Creek inv. 8 (30/12)
Rangers FC E23,26 (30/12)
Righy Elect. 11 (4/1)
Rothschild Asset Mingart. Old Crt. Smilr. 6a. 395.8 (4/1)
Save & Prosper Intl. 098 8d. Pd. DM11.04 (3/1)
Sliver Bear 16.9 (4/1)
Sliver Bear 16.9 (4/1)
Waterorth 91, 96 Cm. Prf. 108.5 (30/12)
Westabitx A 412 (30/12)
West Hampshire Water A £95
Wolverhampton Raccourse 455

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money. But there are lots of

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#### LONDON STOCK EXCHANGE

### FT-SE Index closes above 1800

THE LONDON equity market wound up the week in confi-dent mood with firmness in the US dollar and in most other global stock markets offsetting less favourable developments on the home front. The FT-SK index moved above 1800 again, and this time established itself more convincingly at levels last seen at the end of Novem-

3.75

100

E . S. A. S. S.

The decision by Chase Manhattan, the major US bank, to close down its London equity market making operation, adding 195 to the growing total of unemployed securities dealers, analysis and back office staff, shocked the City, perhaps more by the abruptness of its

	nt Dealing	Dates
tret Dealings Dec 12	Dec 20	Jan 18
Dec 22	Jan 12	Jan 26
Dec 23	Jen 13	Jan 27
Jan 0	Jan 23	Feb 6

timing than by its implica-tions; Chase, like many others, had been fighting for business in markets where lack of turn-over has recently forced the heavy cutback at Morgan Grenfell, with 450 redundencies and closure of Hoare Govett's Gilt-edged operations, with 140

Although it is an open secret that other leading trading firms will shortly consider trimming, or rationalising their market trading operations, the battle lines have now tightened perceptibly. This week has seen very generous remuneration packages paid by one leading London firm for a top quality research team and "every withdrawal (from the market) strengthens the chances of the survivors", commented one senior trader.

Traders regard the successful breach of FT-SE 1810 as an Shares opened lower on the Chase announcement but soon recovered as they absorbed important test of confidence and will watch Monday morning's opening closely. The FT-SE has gained 18.2 over the Wall Street's overnight success in following this week's post-

Crash highs in German and week. Sesq turnover of 456.2m Japanese equity markets. Once again a scattering of epecial situations enlivened London, ahares yesterday against Thursday's 448m again indicated a return to somewhat more satisfactory trading levnotably the mnch-awaited defence document from Plessey against the £1.7bn joint GEC-Siemens bld. The improvement was sustained by a confident reception for the latest US The recently-privatised Brit-

ish Steel advanced to 63p, not far from the best price seen on the day of issue. Heavy turnover of 63m shares compared with recent daily averages of around 12m. Several market makers were bidding for stock in the face of demand from te

Government bonds had a quiet session, shedding small early gains to close a shade easier on balance. Trade was modest, however.

#### FINANCIAL TIMES STOCK INDICES 30 High 4 3 Ago Low Low 91,43 85,16 18/4/88) (14/12/88) 127.4 (9/1/35) 49.18 (3/1/75) 88.65 87.03 86.80 85.85 Fixed Interest 95.97 96.93 95.97 98.01 98.67 94.14 105.4 50.53 (25/5/88) (8/1/88) (28/11/47) (3/1/75) Ordinary 1481.3 1349.0 1928.2 49.4 (8/2/88) (16/7/87) (20/6/40) 1471.5 1459.8 1447.8 1455.3 1514.7 312.5 180.7 734.7 43.5 (7/1/88) (3/1/89) (15/2/83) (26/10/71) Gold Mines Ord. DI. Yield Earning Yid %(full) P/E Ratio(Nat)(\$) SEAO Bargaine(Spm) Equity Turnover(Em)† Equity Bargains† Shares Traded (mi)† 5.08 12.78 9.44 18,529 407.56 13,188 183.4 5.04 12.72 9.49 7,578 355.05 8,536 170.4 • S.E. ACTIVITY Gift Edged Bargaina Equity Bargaina Equity Value 0—Day average GRI Edged Bargains Equity Bargains Equity Value 2304.8 1485.5 angee 58.3 92.3 ●Opening ●16 am. ●11 am. ●12 p.m. 1471.5 14727 1475.3 1475.5 108.9 1328.2 10126 DAY'S HIGH 1481.8 DAY'S LOW 1470.9 Basts 100 Govt. Secs 15/10/26, Flood Im. 1928, Ordinary 1/7/95, Gold Mines 12/9/55, SE Activity 1974, vivil 9.65 (Excluding Int Share Index: Tel. 0898 123001

### Heavy electronic business

The Plessey offer document was duly posted to shareholdwas duly possed to sharehold-ers and was accompanied by plenty of action in shares of Plessey and GEC which, jointly with Siemens, is bidding 225p a share for the UK electronics

GEC shares were among the market's most active with turnover topping 16m. It was suggested that Plessey had again been attempting to put together a consortium bid for GEC and had approached, among others, Hanson, Amer-ica's AT & T and French group Thomson CSF. The stories kept GEC shares on the hop and drove the quotation to a closing level of 202p, a net gain of

Plessey shares were boosted. by news that GEC and Siemens had jointly bought 5m Plessey shares, or some 0.7 per cent of the issued capital, at 225p a share, their first purchases of sey stock since the lauchhing their bid at that price last

Dealers said the GEC/Siemens buying appeared designed to demonstrate the ability of the two companies to pick up Plessey shares at their ease adding that the market thought little of the Plessey. defence document. Quite clearly it underpins the Plessey share price at 225p, said one analyst

The document itself was described as "totally predictable, but we didn't really expect the company to show its hand until much later in the day" said the top electronics analyst, News on any Monopo-lies Commission referral is

#### Nomura likes ICI

Late dealings saw a sharp gain in shares of ICI, when Nomura Securities went the rounds of its market making rivals bidding for stock. The management of the chemical group favourably impressed the managers of a major investment fund at a meeting on Thursday, and the outcome seems to have been a batch of large orders for the stock from

overseas investors.

1CI reports its 1986 figures on
February 23. Mr Richard Henderson of Nomurs, while convinced that the UK group will
prove unable to match the 1988 performances of its European rivals, predicts a gain of around 12 per cent to 14.75p a share in earnings at ICL At 104Sp, ICI shares jumped 20 in brisk trading of 2.5m shares.

### FT-A All-Share Index 940 400 220

Dec

900

Nov

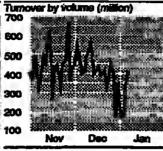
Lourho ticked higher when a series of early trades aroused suspicions of an impending development in the long-running Bond Corporation saga. The latter is Lonrho's largest shareholder with a 21.5 per cent stake. Speculative inquiry resumed and the shares looked like building up a head of steam before traders realised the early business had represented book-squaring operations between marketmakers and nothing else. Momentum was then lost but the price stayed firm to close

Mr Robert Sassoon of County NatWest WoodMac said he had put Lonrho back on the buy list because investment interest should return ahead of the annual results, due towards the end of the month. County was not responsible for yesterday's surge, said Mr Sassoon, who thought it fairly typical of a stock vulnerable to speculation and predatory attention owing to its much emphasised asset backing. Mr Sassoon forecasts pre-tax profits for the group of £215m against £200m

The international blue chips continued to move up behind a firm dollar and an easier pound, Hanson, 3 better at 161p, responded strongly to final approval for increased borrowing powers, together

last year.

### **Equity Shares Traded**



to 10 per cent of the equity. Turnover in Hanson reached 9.2m shares. The big-four banks were a quiet market with the notable exception of NatWest which jumped 11 to 522p; dealers snggested that any further rumours of cutbacks and withdrawalsin eccurities trading would almost inevitably include County Natwest, which they said had suffered hadly over the past year or so. Merchant banks with securi-

ties trading operations benefited from the Chase Manhattan withdrawal from marketmaking. Kleinwort Benson added 3 at 306p, Life assurances featured London and Manchester which raced up 7 to 248p after switch-inbg out of Pearl which earlier this week revealed disappoint-

ing new life business. Takeover speculation continued to surround Hogg Robin-son Gardner Mountain which touched 152p before closing at

Gainness see sawed wikily, gaining 8 to 348p before dropping back to end the day unchanged at 340p as 8m shares changed hands. Once again the price was driven by news from Paris, where Louis Vultton Moet Hennessey (LVMH) was suspended 4 times on the bourse for exceeding the maximum movement allowed in any one day. Guin

owns a 38 per cent stake in LVMH with Financière Agache, and the word in Paris

employment data, which were inside London forecasts.

tonch below the day's best

with a gain of 11.8 at 1811.3.

The FT-SE Index closed a

was that Agache was adding to its holding in LVMH, perhaps prior to a bid.
Scottish & Newcastle matched Elders IXL'e 400p offer price for the first time since the \$1.60p, bid lapsed in the the Mayned in response to the Monopolies referral, Several marketmakers were said to have been chasing the stock all day, although on whose behalf it was not revealed. There was good interest reported in the options market, and the shares closed 6 better at 3980 on turnover of

Stores were firmer with the market, despite a flood of downgradings from Mr Nick Bubb, analyst at Morgan Stan-ley. Describing his changes as "a little fine tuning", Mr Bubb reduced his forecasts in Sears, Storehouse, Dixons, and Marks and Spencer. He did, however, mark up his figures for Next and Ratners, if only margin-ally. He predicts that much of the sector will experience likefor-like negative growth in 1989, with perhaps Ward White, Woolworth and W H Smith the few exceptions.

"I fear a hard landing in what will be a very rough year," warned Mr Bubb. Profit equations will come out flat at best, and beware the retailer who loses markat share, because they will almost certainly have to bear higher

Yet the sector shrugged off these worries, with stocks clos-ing higher across the board. Sears gained 3% at 112p (turnover 5.3m), Storehouse 5 at 1940 (3.6m), and Burton 5 at 172p. The one stock to buck the trend was Dixons, a penny easier at 134p.

The concentration of action in GEC/Plessey tended to over-shadow other activity in the front line electronics. BSR involved late last year

in unsuccessful merger talks, moved up 3 more to 63p amid speculation that bid news could well be on the cards. Broking house recommenda-

tions triggered fresh demand for Meggitt, manufacturer of a machine which detects Semp-tex explosive, and the shares rose 4½ to 98p. Bullongh, depressed recently by fears of a slowdown in office removal business, rebounded 10 further to 438p with buyers looking forward to the preliminary results, due February L Weir Group, were also a feature Group were also a feature, bouncing 11 to 244p amid vague takeover speculation, while Vickers extended the run to close 4 up at 155p; earlier this week the group announced

higher 1989 car sales.
The lack of fresh developments in the Foods sector saw profits taken in Unigate, down 3 at 342p, and Cadbury Schweppes, 2 weaker at 338p.

# TRADING VOLUME IN MAJOR STOCKS Speculators were also taking their money in United Bis-cuits, but dealers said that they were matched at every level by buyers. "People have seen the light on this one, and still believe - that is why the price held up so well despite the barrage of profit-taking, remarked one lyrical market-

maker of the story that a European bid is in the offing. United Biscuits closed 7 firmer at 316p on turnover of 5.5m Dalgety, np 7 at 319p, remained in good demand, bolstered by talk of Australian were saying that Australia'e

interest. Some market sources Goodman Fielder, having sold its 30 per cent holding in Ranks Hovis Mcdongall (RHM), will take a similar stake in Dalgety. Untroubled by this suggestion, RHM edged a penny higher to 356p. French investors continued to display a healthy appetite

for shares of Eurotunnel which raced to a new peak of 543p, up 33. Dealers reported that such was the Continental interest, UK indexed funds requiring shares - the stock became a constituent of the FT-SE index this month - were being out-bid. A few months ago, War-burg Securities forecast the shares could rise to £20 by end-1989 providing all goes well with tunnelling procedures. Gesteiner attracted support

ahead of the annual results and closed 11 higher at 208p. The figures are expected on January 16 and will coincide with a presentation by James Capel, the broking honse. Hoare Govett believes downside in the shares is limited by a strong balance sheet and expects good short-term performance. The securities house estimates profits of £27m compared with £22.8m last time.

中,也有什么可能的,也是我们是这种的人,也是什么是我们的人,但是我们是这种的人,也是我们是我们的人,也是我们的人,我们也是我们的人,我们们是我们的人,我们们们们们们们们们们们们们们们们们们们们们们们们 1,995 1,705 1,700 1,700 1,800 described the buying as specu-lative and said it was not con-nected to yesterday's news that

dipped 7 to 196p reflecting fears of the company launching a full-scale offer. Hammerson was the highlight of a quiet property sector, as the "A" shares climbed 24 to 926p and the Ordinary 17 to 959p on hopes that the company will announce a revalua-

Macarthy was another to advance while awaiting prelim-

mary figures, due next Thurs-

day, and ended 19 up at 238p. Low & Bonar shot 22 higher to

227p following the disclosure

that Tomkins held a stake of 4.7 per cent but the latter

tion of at least £10-a-share on Tuesday Courtanids furthered its recovery, although volume dropped noticeably to 1m shares. The shares closed 4 higher at 277p compared with last month's low point of 241p. Dawson International were another good performer and rose 9 to 212p; dealere

the acquisition from Reeves Bros had escaped referral to the Monopolies & Mergers The latest advance in crude oil prices, with February Brent

topping the \$16 a barrel level, caused a flurry of support for the top line oil and gas issues. In this category, Enterprise jumped 10 more to 480p, helped by a bullish note from BZW, the securities house. LASMO, however, eased to 486p.

BP, a poor performer over the week after news that the company is buying back the Kuwait Investment Office stake above the 9.9 per cent level and also the disclosure that RTZ is paying a higher than expected amount of almost \$4.3m to acquire BP Minerals, staged a minor rally to close 23 harder at 251p.

Turnover in traded option reached the modestly high total of 34,121 contracts, consisting of 25,647 calls and 8,474 puts,on the back of 6,386 con-tracts in the FT-SE 100 index, made up of 3,892 calls and 2,944 puts, and in substantial dealings in shares being scanned for bid or re-organisation moves - the most heavily traded individual stocks accounting for over 40 per cent of the overall figure.

Nagel Ingurate
STE
Seatch & Seatch

GEC attracted the biggest turnover, of 3,337 contracts, comprised of 2,735 calls and 602 puts, with particularly strong opening of interest seen in the April 200 calls, 1,233 contracts in which brought on the early count an opening of interest to 2,928, from 2,238.

Other market statistics. including the FT-Actuaries Share index, Page 9.

#### NEW HIGHS AND LOWS FOR 1988

MEW HIGHES 442,
MINITED FLINDS (2) Trues, 3pc 1988, Do.
2pc 3. 1980, AleximcAsis (3) GATX, FLR
Nubboo, Yennoo, Californiams (1) Trues,
Can, Pipe, BANKER PD Crops, Hib., CLF,
MINITED DI Hightend Dista, Marston
Thompson, Sim.DibNos (1) Mel.aughlin &
Harvey, STONES (1) Limited Inc.,
MINITED 20 Erlemon (L.R.), Sonty,
MINITED 20 Erlemon (L.R.),
MINITED 20 Erlemon (L.R.),
MINITED 20 Erlemon (L.R.),
MINITED 20 Erlemon (L.R.),
MINITED 20 ERLEMON
(1) HOLD 20 ERLEMO

Tech., Electra, F & C Eurobrust, Govett Oriental, Kores Europe, M & G Dust Inc., Martin Currie Pec. Wints., Rollinco Sub. 51/a., Oll.5 (1) Norsk Hydro. HEW LOWE (27).

BURLDWED (7) Number Grp., STONES (2)
Alexan, Goodman Grp., ELECTRICALS (3)
Alexan, Goodman Grp., ELECTRICALS (3)
MSTEM, Bidroger, Morbain Elec., PODOS
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(Bidches), Rothe & Nolen, Wilster Cv., Rd.
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RISES	AND	FA	LLS			
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Corps, Down & Foreign Boads	12	4	35	25	89	110
(adustrials	463	244	875	1.698	1,210	3,414
Financial and Props	173	98	1.401	605	451	2.624
Olle	42	10		119	98	196
Plantations	0	0	13	2	3	47
Mines	66	18	103	196	158	395
Cipera	112	32	110	335	237	435

#### LEADERS AND LAGGARDS

Thursday January 5 1989

Hectronics+	2.58	Mechanical Engineering +
neurance(Brokers)+	2.27	Laisure +
Other industrial Meterials +	1.35	Building Materials +
Textiles+	1.22	Consumer Group+
Brewers and Olatillers +	1.20	Electricals +
Agencies+	1.17	Other Groups+
hemicals+	1.15	Telephone Networks+
Capital Goods +	0.84	Property+
Hotors	0.77	Financial Group+
ood Marsufacturing +	0.72	Investment Trusts +
nsurance(Composite)+	0.71	Oil & Gas +
Morchani Banks+	0.63	Metals & Metal Forming +
Congiomorates+	0.62	Contracting, Construction
Packaging & Paper +	0.58	Oversons Traders
Wining Finance +	0.54	Gold Mines Index
ndustrial Group+	0.48	Publishing & Printing
Food Retailing+	0.45	Benks
fealth & Household Products +	0.44	Shipping & Transport
00 Share Index +	0.42	Insurance(Life)
10.00		

#### BENCHMARK GOVERNMENT BONDS Dete Price Change Yield ago 107-23 -1/32 10.89 10.78 91-20 -2/32 10.23 10.14 96-30 - 8.34 9.27 13.500 8.750 9.000 9/92 9/97 10/06 UK GILTS 11/98 97-18 -1/32 9.26 9.16 11/18 99-06 +6/32 8.08 8.00 US TREASURY " 8.875 9.000 JAPAN No 105 No 2 5.000 12/97 98.3482 -0.415 4.86 4.75 4.89 5.700 3/07 108.7482 -0.320 4.80 4.78 4.78 2750 8/98 100,5250 -0,325 6,70 6,58 6,48 FRANCE BTAN 8.000 10/93 97.9144 +0.039 8.53 8.57 8.50 OAT 9.800 5/98 105.2500 -0.035 8.84 8.63 8.68 CANADA . 10.250 12/98 99.5000 -0.250 10.33 10.16 9.97

NETHERLANDS 5.7800 10/88 100.9000 -0.075 6.69 0.61 6.55

AUSTRALIA 12.500 1/98 97.6645 -0.286 12.94 12.93 12.39

London closing, "denotes New York morning session Yields: Local market standard Prices: US, UK in 32nds., others in decimal Technical Data/ATLAS Price Sources

#### COMMODITIES

#### WEEK IN THE MARKETS

### Coffee climbs to 11-month high

LONDON COFFEE futures have begun 1989 with a performance which most traders would have considered scarcely possible only a few months ago. A rise of £34 to £1.268 a tonne yesterday extended the March position's advance on the week to £52, registering the highest second position close for nearly 11 months and making August's 7-year low of £922 a tonne seem little more than a had dream.

Concern about the tightness of supplies of good quality beans has been the main bullish factor in the market, which has also been worried about the impact of last year's frost and lack of rain on the prospects for Brazil's 1989/80 ctop.

That crop had originally been expected to yield about 40m bags (60 kg each) of coffee, but the Brazilian Coffee Institute receptly estimated that the total was now likely to be only 22 9m bags. And many LONDON COFFEE futures

the total was now likely to be only 22.9m bags. And many local traders thought that figure was too high.

The US Department of Agri culture forecast yesterday that Brazil's 1989/90 harvest would be about 28m bags, but most London traders thought that

figure was too high.

The recent coffee price upsurge has already triggered two additions to 1988/89 export

Coffee Agreement, raising the sotal from 58m bags to 58m. That was under the first phase of a special deal thrashed out between producing and conness continued to be the driv-ing force in both markets, with sterling's decline against the dollar adding further fuel to

between producing and con-suming members of the part at the begining of October. The second phase, begining on Jan-uary 1, had been expected to result in the triggering of quota cuts in and effort to lift the international Coffee Organ-isation's indicator price into the 120/140 US cents support range. But with the composite daily indicator price reaching 137.57 cents this week the trig-gering of further quota rises seems a more realistic possibilweek took reserves in LME registered warehouses down to a meagre 2,544 tonnes, and there seems little prospect for ems a more realistic possibility in the short term. The London Metal Exchange

also entered the new year in a also entered the new year m a generally confident mood, with copper and zinc prices reach-ing record levels and nickel consolidating its pre-Christmas strength. But fails yesterday trimmed copper and zinc prices and left the nickel market somewhat lower on the week.

somewhat lower on the week.

The copper record was in the three months delivery position, which reached £1,782.50 a tonne, while the cash quotation's high of £1,949.50 a tonne on Wednesday remained well below last month's all-time peak of £2,004 a tonne. High grade zinc established fresh peaks in both positions. howpeaks in both positions, however, cash metal reaching

\$1,677.50 a tonne on Wednesday and three months \$1617 on Concern about supply tight-

copper's rise. In comparison with nickel, however, copper and zinc stocks appear almost plentiful continuing etrong demand from stainless steel producers, coupled with sporadic produc-tion problems, has kept nickel stocks under pressure for the past year. A 768 tonnes fall last

an improvement in supplies in the near future. in a special report published this week Shearson Lehman Hutton's metals team suggested that demand for nickel from the stainless steel industry ehould remain at record levels at least until the middle of this year.

Another bnoyant market has been freight futures. A shortage of tonnage available for chartering, following the book-ing of many vessels to carry grain to the Soviet Union, pushed prices on London's Baltic International Freight Futures Market (Biffex) to the

In contrast the cocoa market remained in the doldrums, in spite of the long-awaited final confirmation of a deal to take surplus Ivory Coast beans off the market. Sucres et Denrees of Paris,

has bought 400,000 tonnes of Ivorian beans, half for selling on and half to be stored for two years. Market response appears to be bearish, as traders fear the stored beans could quickly come back into circulation should prices rise. On the London futures market the May position ended at £859 a tonne, down £31.

The recent slide in world sugar prices continued, mean-while, with the London daily raws price finishing \$24.20 down at \$254 a tonne - the lowest level for 12 weeks. E.D. & F. Man (Sugar), the London trade house, said in a report published yesterday that the market's enthusiasm had waned somewhat, with the

Far East no longer the "haven" for raw sugar exporters that it was earlier in the season." However, the volatility of this market has been good for the London Futures and Options Market (Fox), which reported yesterday that raw sugar futures trading rose 56.3 per cent last year to 1.19m lots. Richard Mooney

### Top team formed at Commercial Union

Mr J.G.T. Carter and Mr A.B. Wyand, general managers and directors of COMMERCIAL UNION ASSURANCE COMPANY, will form the corporate management team as executive directors, together with Mr A.L. Brend, chief executive. Mr P.G. Ward, deputy general manager, UK division, has been promoted to general manager. Mr M.A.
Evans, group investment
manager, has been appointed
general manager, investments.
He will continue as managing director of Commercial Union Asset Management.

Mr Robert Ward-Jones has formed RENTOKIL as company secretary and group legal director designate. He was a director and company secretary at Air Products.

■ M.J. GLEESON has made the following board changes: Mr Win Bruce becomes deputy chief executive of the group, Mr John Assender becomes group commercial director and Mr Colin McLellan financial

At M.J. Gleeson (Southern) Mr David Eyre is relocating from Manchester and will become deputy managing director. Mr Barry Elliott and Mr Jim Baxter have also joined

At SEDGWICK GROUP Mr M.C. Harrison becomes group personnel director. He was group personnel director at Willis Faber. Mr R.J. Kelly has been made director.



**APPOINTMENTS** 

Mr Christopher Fox has become managing director of NORWEST HOLST DEVELOP-MENTS, the group operating company responsible for all property development. He was formerly the board director in charge of operations in the south of England.

information technology, for the group worldwide. He joins the group in February from Fidelity International (UK) where he was managing director for information technology worldwide. Mr David P. Trezies has been appointed chairman of SEDGWICK AVIATION. He succeeds Mr Geoffrey A. Hargreaves who will retain a senior directorial post on the board of Sedgwick Aviation

At SINTROM Mr Ian McQuattie has become group finance director. He has been acting as finance director since Novmember. Mr Peter Gardner has been appointed managing director of its local area network products subsidiary L.R.T. He takes over from Mr David Dalzell who is resigning. from the board but will remain as a consultant. Mr Gardner

#### Changes at Waterford WATERFORD GLASS has made the following appointments: Mr Paddy

Byrne, chairman and chief executive of the Wedgwood Group, additionally has become chief operating officer for all Waterford Wedgwood Group activities in Ireland and the UK; Mr Bob Davies, group director of financial control and systems, has joined the board of Waterford Glass Group, as group chief financial officer; Mr Anthony Brophy has been made director treasury and corporate finance.

Technology, a Sintrom subsidiary.

was technical director and co-founder of Micro

Mr Mervyn N.B. Highett has been appointed a director of Mild. ■ At CLYDE PETROLEUM

Mr Stanley D. Rendall, operations director, will operations intector, win become managing director of Clyde Petroleum (Netherlands) with Clyde's Dutch operations and will cease his executive duties in the UK.

ESB BUILDING MANAGEMENT SERVICES has reorganised its board. Mr Richard Smith has been made chairman, Mr Michael Alldrit becomes joint managing director and remains responsible for surveying and building. Mr Richard Keeling and Mr John Fazakely, partners of the company's affiliated chartered surveying practice, Elliott Son and Boyton, have been made directors. Mr Clive Conyers has been appointed joint



Mr Graham Williams has been appointed managing director of NORTON MOTORS. He was managing director of the spe-cialist and light aircraft engine division of Rolls Royce

managing director and takes over the management department. Mr Neil Anderson and Mr David Sutcliffe have been appointed associate

■ RR ELECTRONICS, a subsidiary of Electrocomponents, has made Mr David Klein its sales and marketing director. He joins from Texas Instruments where he has been responsible for

its distribution network.

Mr H.B. Wienand has been appointed to the board of GALLAHER and has also joined the Gallaher group executive. He is chairman of the TM Group, a subsidiary of Gallaher.

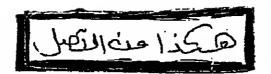
■ Mr David LeRoy-Lewis has been appointed chairman of HILL MARTIN. He was deputy chairman of Touche Remnant

ha.i.

Current Unit Trust Prices are available on FT Cityline. To obtain your tree Unit Trust Code Booklet ring the FT Cityline help deak on 01-925-2126

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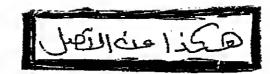
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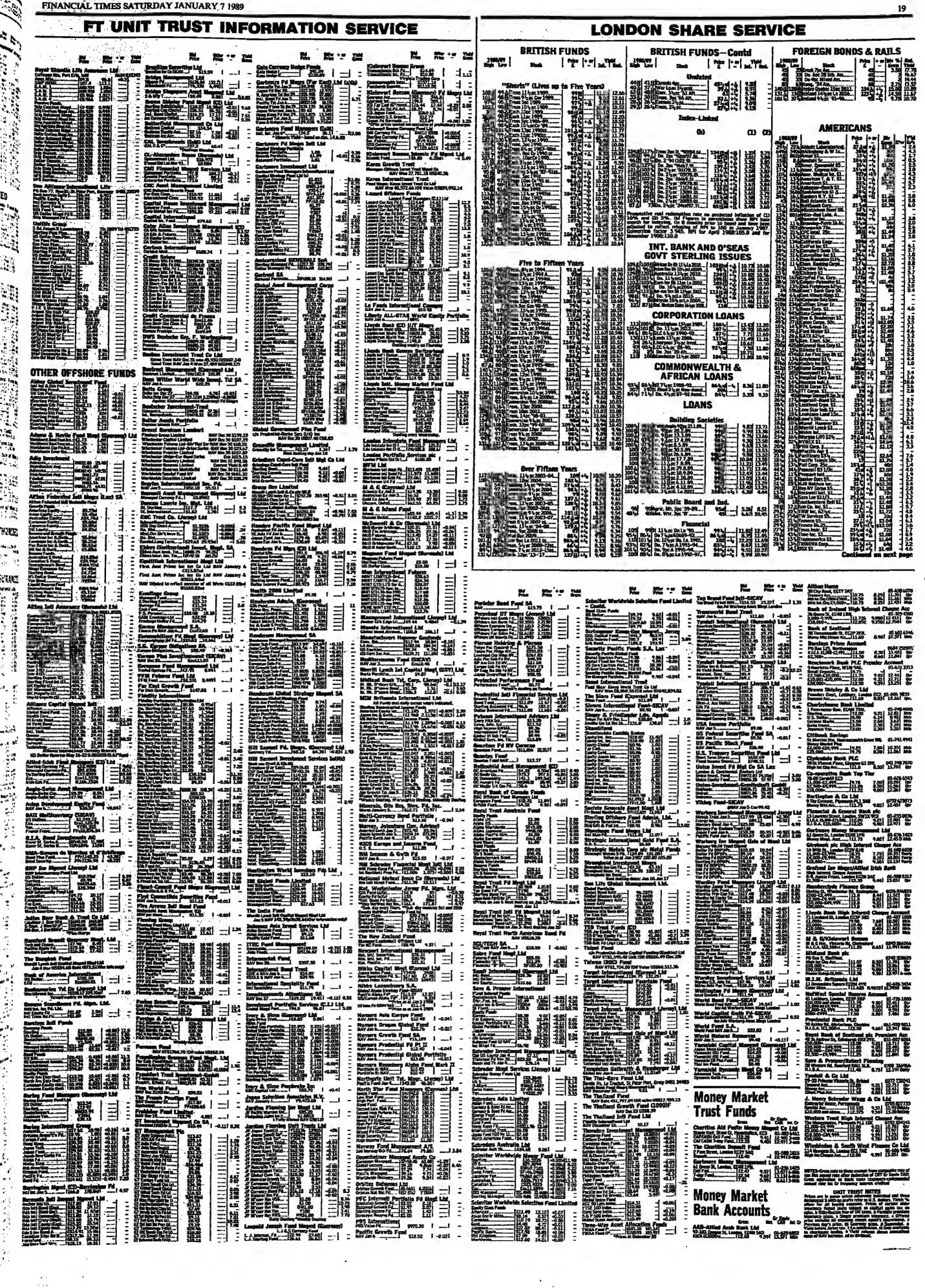


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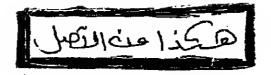
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### FINANCIAL TIMES

Weekend January 7/January 8 1989



### Plessey document heightens bid battle

By Hugo Dixon

THE £1.7bn bid for Plessey by General Electric Company of the UK and Siemens of West Germany is lacking in indus-trial logic and predictably mean, the UK electronics com-pany claimed in a defence doc-

pany claimed in a detence doc-ument published yesterday.

The Anglo-German consor-tium responded swiftly and accused Plessey of failing to address adequately how the removal of trade barriers within the European Commu-nity and other international developments were changing its markets.

GEC Siemens yesterday also made its first purchase of Ples-sey shares. It bought 5m in the sey shares. It bought shift the market, equivalent to 0.7 per cent of the total target equity, at the offer price of 225p.

The bidders' counter-claims led to a continuation of the tit-

for-tat battle when Pies brought out e further state-ment accusing GEC Siemens of drum-beating.

The main thrust of the defence document, entitled The New Plessey, is to convince shareholders that acquisitions and joint ventures over the past three years have given Plessey outstanding growth

It argues that the bid fails to recognise the full value of Plessey's current business, let alone its prospects and its unique position in the Euro-

pean electronics industry.

Plessey refused to say how much it thought it was worth or predict what its profits would be for the current year. It will reserve a profit forecast for later in the hid battle. The hid has yet to be given clearance by the UK's Office of

Fair Trading or the European Commission. Both are due to give their decisions next week. Plessey also claimed that the bid's structure was contrived to get round the regulatory authorities and had nothing to do with industrial logic.

It was particularly critical of GEC Siemens' proposal to split its UK defence business from its overseas defence busi-nesses, while running the UK business separately from Mar-

Plessey's shares closed 4p up on the day at 228p.

conf. GEC's defence business.

### Budget date likely to be March 14

By Philip Stephens, Political Editor

MR NIGEL LAWSON, the Chancellor, is expected to set Tuesday March 14 as the date for his next Budget following this weekend's strategy meeting with other Treasury ministers and senior officials.

The meeting at the Chancellor's official residence at Dorneywood Bucks comes amid

neywood, Bucks, comes amid speculation among his cabinet colleagues that he may opt for a strategy of modest tax cuts aimed at those at the lower end of the income scale.
The Budget date will be

announced formally next week when the Commons debates the Government's Antumn Economic Statement, but par-liamentary managers believe March 14 will fit most easily into the legislative timetable

Mr Lawson has it made clear

THE OBLIGATIONS on Stock

Exchange market-makers to transact bargains with each

other and to publish all share

deals immediately are likely to be ended as part of the first overhaul of trading rules intro-duced in the 1986 Big Bang

The proposals were drawn up by a Stock Exchange sub-committee set up in November. They are designed to stem

the increase in large deals transacted outside the central market and to penalise what the sub-committee calls "fair

weather market-makers.
The term is applied to firms that enjoy the privileges accorded to market-makers but

avoid risking their own capital or offering consistently com-

Approval is expected to be given to the changes by the Exchange Council on Monday.

They are expected to be largely implemented, after a consulta-

tion period, by late March.
The most important change

is that market makers will be obliged to transact bargains only with broker-dealers and

outside customers at the prices and in the sizes they display through the Stock Exchange's

screen-based automated quota-tions system, Seaq. Under the current rule, mar-

ket-makers are obliged to offer

petitive share prices.

that inflationary pressures in the economy and the rapid widening in Britain's trade gap point to a cautious Budget with room for only limited tax cuts. No firm decisions, how-ever, will be taken until much

nearer the date.
Some of his colleagues at Westminster believe that a decision to avoid any reductions in income tax would make it harder for him to defend the 24bn of cuts amounced in his 1988 Budget. The Lebour Party has argued consistently that the lowering of the top rate of income tax from 60 per cent to 40 per cent was a key factor in fuelling last year's consumer

spending boom.

Mr Lawson has vehemently rejected any such link, but there are suggestions among

'fair weather' market-makers

extent that they reciprocate.

tinning controversy.

The largest market-making

firms have complained that

their smaller competitors and other professional traders in

fund management groups have been able to exploit situations in which they have taken on large and vulnerable positions.

They have also been able to transact large deals with their outside customers and then

immediately lay off all the risk by passing it on to the larger market-makers.

In August two firms, Phillips & Drew and Barclays de Zoete Wedd, cut the sizes on which

they were prepared to deal, as advertised on Sead, to the min-imum permissible of 5,000 shares for any listed company.

The action was partly as a pro-

that the new rule will encourage market-makers to quote

larger sizes. However, reports

yesterday that the minimum

size is to be increased to 25,000 shares appear to be without

The second change is that the price and details of large

deals transacted by market-

-makers will no longer be published through Seaq within a

few minutes of their execution.

The sub-committee believes

other ministers that he may seek to outflank Labour criticism of his strategy by concentrating any reductions this year on the lower-paid.

In political terms, increases

tax thresholds and changes in National Insurance Contri-butions at the lower end of the income scale could be pack-aged attractively as a "Budget for the poor."

In the run-np to last year's

Bodget, senior Treasury offi-cials drew up a comprehensive plan to ease the poverty traps faced by many of the lower-paid by raising thresholds and

restructuring national insur-ance contributions.

Mr Lawson, however, decided that political consider-ations dictated that the focus of the first Budget after the 1987 election should be on the

Official List on the following

The appearance of such deals on Seaq often allowed professional traders to work

out quickly which market-mak

ers had taken on large posi-tions and then to move the

prices against them.
All deals will still have to be reported immediately to the

Stock Exchange, but the exchange will then publish through Seaq details only of the smaller deals carried out,

mainly for private investors. The threshold between large and small deals is likely to be

defined, in money terms, at somewhere between £25,000

Small bargains are likely to

account for about 75 per cent of the total number but only 20

per cent of the total value of

transactions. In future, the

publication of small bargains will be applied not only to the

150 most actively traded alpha

stocks but also to the 600 beta

The transaction of larger

deals will still be recorded

through the figure showing the cumulative total of transac-

tions in each stock Market-makers are also to be

given less time to report deals

to the exchange. The five-min-ute leeway is to be cut to three

minntes, with the ultimate intention of reducing it a few

months later to 90 seconds.

and £100,000.

top rates, with action to help the less well-off deferred until later in the parliament. Dr David Owen, the SDP leader, yesterday called on Mr Lawson to devote his Budget to

reversing the recent slump in personal saving.
Dr Owen said that tax relief
on individual savings,
restricted to the basic rate of income tax, was essential if interest rates were to be brought down from their pres-ent "crisis levels."

Mr Alan Beith, the Social and Liberal Democrat economic spokesman, said that interest rates could be reduced by a combination of measures aimed at stimulating saving. cooling the credit boom, and boosting investment. Subdued beginning to the budget season, Page 5

#### Stock Exchange plans curbs on **BSB** plans public flotation to

By Raymond Snoddy

raise £500m

BRITISH Satellite Broadcasting plans to go to the Stock Exchange later this year and raise about £500m through a public flotation.

The consortium, which plans

to launch three channels of to launch three channels of satellite television in September, believes the best way to raise the mooey is to go direct to the public in the way the Channel Tunnel was financed.

Lazard Brothers, BSB's merchant bank, is already working on the preliminary details of a flotation. A final decision on fund raising will depend on fund raising will depend on market conditions nearer the date, but the flotation, probahly accounting for about 40 per cent of the company's equity, is the preferred mute. Private placements with institutional investors are seen

as a fallback position.

BSB, which has main share-bolders which include the Bond Corporation, Granada Pearson — publisher of the Financial Times — and Reed International, has been given Stock Exchange permission for such a flotation.

The consortium has been granted three of the five high-power DBS (direct-broadcasting-by-satellite) channels allocated to Britain under interna

tional agreement. The response to BSB's fund raising will depend on the performance of Mr Rupert Mur-doch's rival Sky Television, which will begin broadcasting four medium-power satellite channels next month with at least two more on the way.

BSB originally raised £225m. mainly to launch e two-satel-lite system. Shareholders have recently guaranteed an additional 2130m to help buy film rights for its planned subscription Movie Channel, Part of the £500m raised via the flotation

will repay some of the money covered by the guarantees.

The film deals, involving commitments totalling more than \$700m (£392m) over the next five years, are being seen as assets which should help any flotation.

any flotation.

A public flotation will proba-bly be accompanied by benefits for small shareholders, such as subsidised subscriptions to the Movie Channel.

Analysts regard it as too. early to forecast what the price of BSB shares will be, but some investors would like to see a mycsius would have to see a price in the 200p-300p range.
The Government has made clear that it wants to see Britain's two remaining DBS channels advertised within the

next few weeks. In some form, the system should be offering five channels of television by next year.

It is also possible that Britain will link with Ireland, each country pooling its five channels. The total of 10 channels would be easily received in both countries.

### Dollar rises sharply Continued from Page 1

rency and that the interven-tion appeared to be little more than a smoothing operation. Analysts were surprised by Dr Schlesinger's apparent about-face, but noted that there was little the central banks could do to restrain the In New York the interven-tion was seen as a co-ordinated move to allay suspicions of a split between the Bundesbank and the Fed on the dollar. Demand for dollars remained strong in New York, although the US currency was quoted below its best levels of the day. At midsession, it stood at

against the D-Mark (DM per \$) against the Yen (¥ per \$)

ments in currency markets and domestic monetary policies are expected to be high on the agenda. Mr Alan Greenspan, chairman of the Fed, and Mr Satoshi Sumita, governor of

the Bank of Japan, are expected to attend the meeting. The dollar was given an additional boost yesterday by e strong set of US employment figures for December, which were seen as adding strength to arguments for an increase in the US discount rate. Specula-tion that US banks will raise

prime rates next week has begun to surface.

The rise of 279,000 in the non-farm payroll was in line with expectations. Nevertheless, the figures confirmed that the US economy is growing vigorously and underscored anticipation of firmer mone-

### The dangerous rise of the dollar

FT-A World Index in \$ terms

of County. There is no sugges-tion that either received inducements of the kind alleged in the Guinness case, for instance; but it is odd to discover a leisure operator and

bousebuilder respectively

investing millions on buying up the rump of a flopped rights

That apart, it seems clear that close on 20 per cent of Blue Arrow's entire equity was

taken up by its advisers in a support operation. Whether others were thereby induced to

take shares is a matter for the

DTI, or perhaps for the civil courts. It is scarcely surprising that Mr Tony Berry is trying to distance himself from the

whole affair, the next question is how long NatWest can regard the whole business as

even remotely compatible with its image as a High Street

Plessey's defence document

against the GEC/Siemens bid may be on the bland side, but it comes in the middle of a phoney war. The real shooting

will only start a week or so from now, if and when both the Office of Fair Trading and

Brussels allow the bid to pro-

ceed. The recent recovery in Plessey's shares, to around the offer price, reflects not so much a judgment on the authorities thinking – there

being no fresh information on

that whatever - as a growing

suspicion that, as in so many recent cases, only official inter-

vention can stop the bid going

This may seem a harsh judg-

ment on the alternative strate-gies which Plessey claims to be

working on. But leaving aside the problematic structure of the GPT joint telecoms ven-

THE IDEAL INVESTMENT

Plessey

FT Index rose 9.8 to 1,481.3 Switzerland Index relative to the

The US and UK equity markets missed ont on the end-year rally which pushed most of the world's other major stock markets to post-crash highs, but they have begun to catch up this week. Wall Street moved into new high ground on Thursday, and the FTSE-100 managed to close above 1,800 for the first time since end-November. However, too much should not be read into much should not be read into this latest raily. The US dollar has been sending off some rather strange signals this week, and there is a danger that the rest of the world's financial markets may be lul-led into a sense of false secu-rity by its new found strength.

Any number of reasons can be found for this latest surge in the dollar, but most have had to be manufactured to fit the events. The dollar often events. The dollar often strengthens when the US begins shooting down its enemies, but the weakness in the gold price suggests that there is no financial panic. Meanwhile, yesterday's US employment figures showed that the US economy ended 1988 at e good clip, but inflation remains surprisingly subdued. It is not surprisingly subdued. It is not the sort of data which the Federal Reserve could use as an excuse to tighten monetary

policy further. What seems to have caused the dollar to bounce is a sug-gestion that the West German authorities have changed their policy towards It, and are no longer so concerned about stemming its upward rise. This seems hard to believe unless the West Germans are seeking to hide behind the dollar's strength to mastermind another rise in their own interest rates. Judging by the recent trade figures from its major partners, the US trade deficit is no longer shrinking; and there must be a worry that the for-eign exchange markets will once again focus on this fact when they sense that the Fed is no longer tightening US monetary policy.

Blue Arrow

Little by little, the Blue Arrow affair is getting ugiler. Among the maze of financial transactions which occurred at the time, it is at least clear that County NatWest provided indemnities to Phillips & Drew picking np Blue Arrow stock -even if NatWest itself makes clear that all losses involved in the operation were included in Its 1987 results. It is also faintly disturbing to learn that among those taking up the placing were Pleasurama and Beazer, both corporate clients

ture, the fact is that very few owners of an accredited UK defence contractor can be envisaged except another such contractor. This should be a warning against undue opti-mism on the price Pleasey might fetch should the bid pro-ceed: 225p looks a chrowd might fetch should the hair pro-ceed: 225p looks a chrewd sighting shot, and another 10 per cent could do the trick. Whether yesterday's 225p rep-resents the right balance between that modest upside and the risk of referral could be prother matter.

be another matter.

be another matter.

The really perplexing development of the past few days has been the activity in GEC's shares. Granted, any hidder for GEC probably has to act before either the Alsthom or Pleasey. either the Alsthom of Planey deals go through. But for good or ill, GEC is one of the toughest takeover prospects in the UK market already — as defence contractor, chief UK supplier of power generation equipment, and half-owner of GPT. The first and last of these obstacles could be addressed. obstacles could be addressed by Plessey itself forming part of a bidding consortium, but that must surely be a very long

#### Market Makers

It is fruitless to look for a pattern in the defections from the London stock market so far. The withdrawal of both Chase and SecPac within a week may prove that the big US banks should stick to boatnesses that they understand, but it does not help explain what is happening in Loudon. After all, Morgan Grenfell started the whole thing off, and its motivation was presumably that it simply could not affect to go on losing that much

money.
The absence of any theme should not come as much of a surprise, as the overcapacity in the London market affects everyone. Who comes out first does not seem to matter much: the list of those from which unsettling announcements can be expected excludes nobody. While for the likes of Smith New Court, Warburgs or BZW wholesale withdrawal is most improbable, heavy pruning would not be a surprise. The recent exodus has cut equity capacity by about 5 per cent, so this is only the beginning,

Similarly, there are few conclusions to be drawn from the bits of the operations which have been salvaged. The decision by Chase to stick with gilts, while SecPac has retained its equities, may reflect as much the quality of what each started with rather than any indication of which way the market is going.

### similar facilities to other mar-ket-makers, at least to the in the Stock Exchange's Daily

**CHIEF PRICE CHANGES YESTERDAY** 

O.F.P.

Cosmo Oti .

Companies Act. Union Bank of Switzerland, the parent company of Phillips & Drew, also acquired shares in the placing. A further question is whether a complex indemnity agreement between County NatWest and Phillips & Drew may have had the effect of giving the former a disclose-able interest in the latter's

Mr Berry borrowed £8m to take up his rights in the issue

FRANKFURT (Dm)

New York prices at 12.30.

LONDON (Pence)

\_ 305.2 --

..... 40³s --

£10}}

6.3

17

Blue Arrow chairman Continued from Page 1

Prudential said on Wednesday that it was awaiting the result of the DTI investigation before deciding "if any further action is called for."

the relevant section of the and has since seen the share

per cent. He said that he would await the outcome of the DTI inquiry before taking legal advice, but added that "if Pru-dential or any pension fund has e claim can they add me to

Mr Berry yesterday said that

14.1 -

once Blue Arrow learnt of the County NatWest stake, shortly before it was publicly announced, it conducted an investigation into its share reg-ister. It found that UBS owned 28m shares, or about 4 per cent, a stake which it believes

was then sold.

Last month, it became clear that Blue Arrow was no longer using County as its financial adviser. with a revolt by some Manpower franchisees following the departure last month of Manpower's chief executive, Mr Mitchell Fromstein.

In response to the many takeover rumours, Mr Berry said the Blue Arrow board would consider any approach. He had talked to Mr Michael Ashcroft of ADT, which owns more than 4 per cent of the equity, but "nothing concrete" had emerged.

Blue Arrow is also faced

#### Chemical continued from Page 1 from any further attacks or

Libya. However, Mr Shevard-nadze said on his arrival in Paris last night that the shoot-It would also have the council call on the US to stop miliing down of the Libyan aircraft

The prospects of a US-Arab solidarity with the Libyan

yesterday that would condemn the US shooting down of Lib-yan fighters as a violation of the UN Charter and call on the Americans to "desist forthwith

poisons the atmosphere." clash were heightened yester-day when the council of Arab ambassadors in Paris issued a American shooting down of the Libyan jets and expressing

Our UN correspondent adds: Non-aligned members of the United Nations Security Coun-cil completed a draft resolution

cil call on the US to stop military manoeuvres off the Libyan coast "to avoid further provocations and tension in the area."

A decision by the council on this is unlikely before early next week. That would allow time for efforts to tone down the proposals and also head off e US veto. Britain would also vote against the draft resolution as it stood, diplomats said. In two days of debate on the American action, Arab and non-aligned states generally American action, Aran and non-aligned states generally supported Libya's charge that the US had committed aggression. Mr Herbert Okun, the US deputy delegate, repeated that the shootings were an act of self-defence.

### **FOR 1989** There are few better ways to start the New Year than with the January issue of Money Observer. For not

only will this tell you what leading brokers, fund managers and chartists think will happen in 1989 to interest rates, inflation, currencies and stock markets: it also includes choice money-making tips from these and other experts. . The issue also focusses on the entrepreneurs who



will be high steppers in 1989 and assesses the Investment prospects for a variety of alternative investments, including war memorabilia, Maserati cars and dream cottages.

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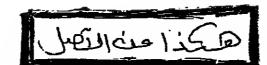
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**WORLDWIDE WEATHER** 

natural demand for dollars. In New York the intervenbelow its best levels of the day.
At midsession, it stood at
DM1.8125 from DM1.8175 earlier and at Y126.45 compared
with an earlier high of Y126.70.
The central bank governors
of the Group of 10 major industrialised countries meet in
Basle on Monday and develop-

124 122 120

annerpanion of trimer incomestary policy.
Some New York analysts even suggested that, had it not been for the strength of the dollar yesterday, the Federal Reserve might have raised the



# Veekend FT

**SECTION II** 

petition; and the notion of a nostile take-over bid was still almost unheard-of. To that comfortable world, sliding downwards gently, the legendary "Aluminium War" of 1958-59 came like a bombshell — and gave the City one of the most notable set piece episodes of its history. The time has come

The origins of the war lay in the deci-

The origins of the war lay in the decision in 1857 by the aggressive, expansionist Reynolds Metals of Virginia to attempt to acquire British Aluminium and, in particular, the plant in Quebec it had begun recently to build. Reynolds took advice from S. G. Warburg & Co which insisted that if the bid was to succeed, it would have to be made in conjunction with a British firm. The ally chosen for this purpose was a Midlands engineering group, Tube Investments, essentially the creation of the self-made, strongly non-paternalist

Tube Investments, essentially the creation of the self-made, strongly non-paternalist Sir Ivan Stedeford. TI in turn took advice from Helbert Wagg (headed by the equally self-made Lionel Fraser) and J. Henry Schroder. Together, Reynolds and TI quietly built up a 10 per cent stake in British Aluminium by the early antumn of 1958.

Masterminding the whole operation was the remarkable Siegmund Warburg. Born in 1902 into a prominent Hamburg banking dynasty, he came to the City before the war as a refugee from Hitler. He started his merchant bank in 1946 and emerged gradually as a significant creative force, revealing qualities of personal dedication and sustained analytical intelligence hardly seen in the Square Mile since

gence hardly seen in the Square Mile since the days of Nathan Rothschild. There is no doubt that the bulk of the City establish-

ment viewed him with suspicion, tinged with an element of hauteur. Warburg knew it and that tacit, reciprocated hostility helped to fuel many of the ensuing

British Aluminium itself was a company

ripe for take-over. It had never recovere properly from the war and was very short of financial and smelting capacity. Its administration could hardly have been in

ammistration could hardly have been in more traditional hands; the managing director was Geoffrey Cumliffe, son of a former governor of the Bank of England; and the chairman was Lord Portal of Hun-gerford, Chief of Air Staff during the war and now president of the elite Marylebone Cricical Clin (MCC).

Cricket Cinb (MCC).

Even before it became aware of the predatory intentions of Reynolds II, the BA board realised it needed outside help.

board realised it needed outside help. Accordingly, from the early summer of 1968 it was negotiating with the giant Alminium: Company of America (Alcoa) about some form of partnership. It is clear from a newly-published scholarly history of Alcoa\* that it was rather "bounced" by BA and, unlike Reynolds, had no clear international strategy. This was to be a vital factor Reynolds was prepared to supply the formatter.

ply the firepower (floating a new stock

issue in the US to raise the cash), Alcoa

on November 28. Flanked by his pre-emi-nently respectable advisers from Lazard

and Hambros, Portal announced that BA

had signed a contract by which Alcoa would subscribe to one third (as yet unis-

sued) of the company's capital at a price of

60 shillings a share. The recent Reyn-olds-II offer, equivalent to 78s a share, was therefore deemed irrelevant. It was a

grievous tactical error, offended the large

institutional shareholders and earned widespread criticism from the press

vas not. Skirmishings gave way to open wactare

was not.

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Weekend January 7/January 8, 1989

# LMOST everyone agrees that, by the 1950s, the City of London had become a rather dull, inward-looking, even parochial place. The well-known families continued to rule the great merchant banking houses; the single-capacity, minimum-commission Stock Exchange was protected from foreign competition; and the notion of a hostile takeover bid was still almost unheard-of. To A City at war with itself

Thirty years ago this week, an American giant won a bitter battle for British Aluminium - and the Square Mile has never been the same since. David Kynaston looks back

(which, over the coming weeks, offered itself increasingly as the voice of the

investing public as a whole).

There was a special piquancy in the key role of the Financial Times. It had been bought the previous year by Pearson, which also owned Lazard, and there was which also owned Lazard, and there was some concern that the paper's independence in discussing delicate City matters might be compromised. The Aluminium War allayed such fears, for the influential Lex column (written by Arthur Winspear) was consistent in criticising the conduct of the BA board. Not a whisper of reproach was beard from Pearson.

the BA board. Not a whisper of reproach was heard from Pearson.

Early in December, the Treasury decided that BA shareholders must be allowed to consider the Reynolds-TI offer, which was open until January 9. For the rest of the month the BA board found itself on the back foot, so much so that on December 16 there appeared in the press the first-ever major "defensive" advertisement against a hostile bid — a tactic that would in time become an art form. A photograph of aluminium ingots at the company's Falkirk Rolling Mills accompanied the text, which emphasised Alcoa's the text, which emphasised Alcoa's resources and also the nationalist theme:
"British Aluminium is not 'selling out to the Americans.' It is going into partnership with them.

ven when Portal tried to attack, it served him ill. Thus, when he accused Reynolds-TI, rashly, of seeking "to acquire a powerful empire at the price of a small kingdom," the *Economist* expressed bafflement as to why, in that case, Alcoa should have been let in "for the price of a small municipality." When he announced suddenly that, if the Alcoa deal went through, the BA board would increase its 1958 dividend from 12 to 17 per cent. The Times wondered about the economic logic and remarked that such a economic logic and remarked that such a move "invites the criticism that the increase is solely the result of Tube Investments' intervention."

ments' intervention."

As Christmas approached, it became clear to Lazard and Hambros that a "popular front" of the City would have to be formed if the situation was to be turned. Together, they set about building as powerful a grouping as possible. An important recruit was Cazenove which, since the 1930s, had been the City's leading firm of corporate brokers. Both it and Rowe & Pitman had been brokers to both BA and TI; both at first tried to stay detached from the conflict; and both came down just before Christmas on the side of BA. The new brokers to TI were Panmure Gordon new brokers to TI were Panmure Gordon and Joseph Sebag, which would soon enjoy the opportunity of a lifetime. On New Year's Eve, after several days of

rumour, the great City consortium at last showed its hand. Fourteen august houses, headed by Hambros and Lazard but also including Morgan Grenfell, Brown Shipley, Samuel Montagu and Robert Fleming, affirmed publicly to BA shareholders their support for the Alcoa solution and made a partial bid, worth up to £7m, for BA shares at 82s each, 4s more than the Reynolds-TI offer. Such an offer, thought the Daily Mail, "must seem almost a condemnation by the City of a Ti take-over," while The Times referred, justly, to "an array of City institutions on a scale never before seen in a take-over battle."



Why did these famous names put them-selves out on such a limb? Few have suggested it resulted from a dispassionate analysis of the industrial problems facing BA (although, in fact, there was a per-fectly good industrial case to be made for that board's preference). Nor, probably, was it on nationalistic grounds — despite some propaganda points to that effect in the circular — for most good judges realised that, whatever the ontcome, BA would find itself effectively under American Control Vertend commentators than can control. Instead, commentators, then and later, assumed it was essentially a "cultural" response by the City establish-ment based on a snobbish dislike of the outsiders or parvenus on the other side

(above all, of course Warburg).

There was, indeed, a strong element of that but it was not the whole story. Hos-tile take-over bids were still a rarity and, undoubtedly, there existed a strong natural disposition to support the party being attacked. For instance, Antony Hornby, the leading partner at Cazenove, made it clear at the time that he had been swayed not by pressure from Hambros and Lazard but by a dislike of the way in which Brit-ish Aluminium's "citadel" was being stormed. Ultimately, it was an emotional reaction in an unfamilar, disturbing situa-

entrenched belief that, within that citadel, the board knew best.

At a start of 1959, the Square Mile was At a start of 1989, the Square Mile was rent as never before. "This has gone far enough," the FT stated bluntly on January 2, explaining: "The British Aluminium dispute has now reached a stage at which it could do serious damage to the interests of the City of London. The two sides now seem to be in a mood of considerable material bitterness and recrimination." The seem to be in a mood of considerable material bitterness and recrimination." The paper called for a compromise, thereby reflecting the wishes of the governor of the Bank of England, Cameron Cobbold, who the previous day had begun a peace initiative. But, as the FT added: "A compromise can hardly be reached so long as there is heavy buying, apparently for Reynolds account."

There, indeed, lay the rub. Warburg was wholly unwilling to yield to a raised gubernatorial eyebrow, especially as he realised that victory was in his grasp. His tactics now were relatively simple: not only to ensure that Reynolds-TI increased its offer (which it did, to 85s, on January 4) but also to orchestrate massive buying on the open market of BA shares, thus ensurish Aluminium's "citadel" was being stormed. Ultimately, it was an emotional reaction in an unfamilar, disturbing situation reflecting, in effect, the City's of the shareholders to sell and the reluctance of the consortium to mount a count-

er-operation in the market. Both these optimistic assumptions proved correct. Warburg undoubtedly had the press on his side in these crucial days. The Beaver-brook papers were unanimous. On Janu-ary 1, the Evening Standard ran an interview with Fraser in which he condemned the consortium's action as "unprogressive" and declared that "the whole thing smacks of fear." The following day, it had a picture of the "battling" Stedeford and made much of "our own Tube Investments." In the Daily Express, the City editor offered unequivocal advice on the 5th:
"Take the 85s from Sir Ivan or through the markets." The Times concurred; so also, on the 5th, did the magisterial Winspear in the FT: "Few may now see the advantage of accepting the offer put forward last week by a syndicate of brokers and oth-

Some of the smaller sellers may have had a misguided patriotic motive, and some of the institutional sellers may have been antagonised by the consortium's rather overbearing tone, but in essence the spur was the same time-honoured one for l concerned: an eye to the main chance. Making an estimated £500,000 from selling at this propitious moment were the Church Commissioners, although the Church Times was unable to persuade their spokesman to divulge details

Charte Times was unable to persuade their spokesman to divulge details.

What no account has answered before now is why the consortium failed to go into the market where the war manifestly was being resolved. Whatever Alcoa's semi-reluctance compared to Reynolds, it is hard to believe that the consortium did not have the potential resources to mount such a buying operation on its own account. Almost certainly, the reason was the instinctive reluctance of Hambros and Lazard, supported by their brokers, to enter the market while peace negotiations were still in progress under the auspices of the governor of the Bank. Warburg, however, felt no such constraint and, in so doing, rewrote the rules of the game. It is hard to believe that in a comparable situation today, the banks and their advisers would stand aloof from the battlefield.

The war was over on January 6 as Reynolds-TI achieved majority control of British Aluminium even before the postal response to its formal offer was completed.

response to its formal offer was completed. A deep bitterness lingered for several weeks. "I will never speak to that fellow again," Lazard's Lord Kindersley was heard to say about Warburg; while Olaf Hambro wrote an extraordinary letter to The Times in which he declared that the wishes of the City had been violated and criticised the financial editors roundly. criticised the financial editors roundly. But he got precious little public support for these views, not even from within the City. In particular, a leading and widely-respected jobber, Esmond Durlacher, referred in *The Times* to "a body of men who also work in the City, men of good common sense, of good standing and probity," for whom the consortium, however impressive, had not spoken.

erhaps the most apposite comment, though, came from that prophet of a share-owning democracy, Harold Wincott. In his first post-bellum column in the FT, he expressed astonishment at the initial remoteness shown by the BA board towards "the man-in-the-street share-holder" before adding, in timeless fashion: "Given half a chance, he will express his displeasure with his directors as surely as passengers on London Transport express theirs when they similarly feel they are being pushed around without being told

the reason why."

The Aluminium War justifiably established Siegmund Warburg's reputation as a master financier. During the 1960s he and his bank went from strength to strength, especially in relation to the bur-geoning Euromarkets, and became accepted fully within the City. He never wrote his memoirs but Llonel Fraser did, asserting in 1963 that the war had had a highly beneficial effect: "The merchant bankers have been more on their toes. There has been a girding of loins, resulting in more enterprises and competitiveness and less reliance on the 'old boy' idea."

For once, deeds matched words: in a survey of The Merchant Banking Arena, published in 1967, Richard Kellett found that "about the years 1959-65, the pattern of ownership swung increasingly sharply away from the families and towards other financial groups and public investors at large." Of course, change in the City would have happened, anyway, but there is little doubt that the Aluminium War hastened it. By the mid-1960s, the way was beckoning towards that bracing world ush-ered in formally by the Big Bang 26 long

□ David Kynaston is the author of the centenary history of the Financial Times and is now writing a history of Cazenove

& Co.
\*From Monopoly to Competition, by George David Smith, Cambridge University Press.

The Long View

### Time for a home-owners' revolt

WHY ARENT we all refusing to put up with the absurdly high mortgage interest rates that are now being imposed on us? Interest at 14 per cent when the underlying rate of inflation is only 6 per cent: must count as one of today's least necessary burdens. This is not meant as a pre-inde to a call for popular insur-

rection or civil disobedience nor even as a rhetorical flour-ish against Mr Nigel Lawson and his misjudged monetary policy. Rather, the point is that interest payments to banks and building societies should have as little as possible to do have as little as possible to do with all the convoluted forms of government intervention in the short-term money markets.

Mr Lawson may have contrived to push up short-term rates to 13 per cent. But just look at the interest rates or yields on gilt-edged securities ("British Funds"), three pages in from the back of our first section. Those with science ficsection. Those with science fiction dates attached to them like 2008 and 2012-15 are yield-

ing only around 9 per cent. For most home-owners, the bad news is that they can expect to be saddled with mort-gages for at least 15 or 20 years of their lives. The good news is that borrowings raised for 20 years cost, or at least ought to cost, no more than a small margin over 9 per cent. City folk tend to turn up

their noses at the lack of sophistication of financial institutions in Continental Europe. But in this case, the

Finance: National Savings on

Europeans have got it right. German home purchase example are currently offered five, ten or 15-year mortgages at fixed rates of 7 per cent.
But UK building societies have always funded their

long-term mortgages from their short-term deposits and the banks followed suit when they entered the market in the early 1960s. Historically, the building societies had a sound rationale for continuing this potentially unstable mismatch between the maturity of their assets and their liabilities. Short-term interest rates have generally been below long-term rates and so the mismatch gave borrow-

ess a favourable deal.

However, the tight monetary policy of the Thatcher government has meant that for the last four or five years the relationship has been reversed and short terms. short-term rates have been fairly consistently higher than long-term ones

Today, a large creditworthy institution like the Halifax building society or the National Westminster bank would be able to issue, say, a 15-year sterling bond, with a tax efficient structure giving a yield of about 9.5 per cent. The Government's steady repurchases of gilts have created a thirst for long-term sterling bonds amongst investors. It could then repackage and sell on the money in the form of 15 year mortgages at a up rate of perhaps 10.2 per cent. The urawback of such a



CLIVE WOLVEYS

The interest rate hike has led to a shrinkage of the mortgage market would he to issue a bond linked to the retail price index at a premium over index-linked gilts and use it to finance mortpressures must stimulate innovation

chaser is that he would not be allowed to redeem the loan early if interest rates fell below 10.2 per cent, unless he was prepared to pay a penalty. But if borrowers could take their loans with them from home to home whenever they moved, few would need to redeem early anyway. Some lenders believe that if, say, inflation was conquered and interest

rates dropped to six per cent. public pressure for early redemption without penalty would mount. And 19th century case law has created doubts about the legality of restrictions on early redemp-

But innovators should be able to sidestep such obstacles by linking the repayment to an objective formula, based on the market price of the underlying bond. Thus, if interest rates rose, the mortgagors would be given a premium for early redemption rather than having to pay a penalty. The innova-tors would have to ensure that the risks of a fixed rate, fixedterm mortgage were fully understood by the borrowers.

A different method of reducing the risks of sharp fluctuations in nominal interest rates gages at a real interest rate of around 4.5 per cent.

Older borrowers are unlikely to be attracted to fixed-rate, fixed-term mortgages. But most younger borrowers should find bearable the limited risks of having to redeem early and pay penalties, particularly as long-term interest rates have remained remarkably stable since 1982.

Why has no one yet forward with such a package? The largest banks and building societies, which could raise the fixed term money on the finest terms, seem incapable of doing anything new, particularly when it would mean the disruption of all their finely honed and comfortable operating procedures. And even the new specialist mortgage insti-tutions have been over-impressed with the US-style mortgage which allows easy early redemption but at the cost of higher interest rates.
Perhaps the real reason is

that the mortgage market has only started to become truly competitive since the break-up of the building societies cartel. Since then demand has expanded so rapidly that everyone has been making plenty of money by doing no more than offering the well-tried formula. But the current interest rate hike has led to a shrinkage of the mortgage market and competitive pressures must stimulate innovation.

Ironically, the greatest bene-fit of all from a growing long-term fixed-rate mortgage market will be an attenuation of the power of the interest rate weapon as the main tool of the government's demand management policies.

The present UK mortgage system, when coupled with such widespread owner occupation, has given monetary policy an influence which it has never deserved. But in future home owners will no longer need to pay attention while Mr Lawson and his successors fiddle around with the short-term interest rate.

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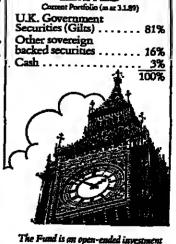
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#### FIMANCE & THE FAMILY: THIS WEEK

#### Capital Bonds: the pros and the cons

Is it won'h buying the new Capital Bonds, leunched for sale thia week by National Savings? You would heve to lock away money for five years without getting any return but. for standard and high rate taxpayers, they do have the appeal of a government-backed guarantee of a known rest rate over that period. John Edwards examines the eltuation and finds there are complications. Page III

#### Dawn of a new era

A new era has started. The banks, worried by increasing competition from building societies, are deciding to give a considerably better deal, not only in paying interest on current accounts but also in running small overdrafts without heving to pay prohibitive charges. John Edwards spells out the changes. Page 18

#### Don't judge too soon

At the end of 1988, an unhappy year for the UK stock market, the shutters were down at many fund management groups. But is it ell bad news? Heather Farmbrough looks at trusts and points out that e year is e short time to make e judgment. Page III

#### Awaiting the mortgage shock

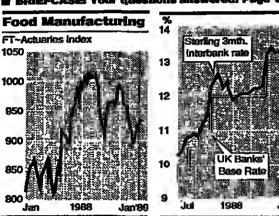
For those whose housing loans are adjusted annually, the latest mortgage increases will hit with e vengeance. But, says Richard Waters, don't spare too much sympathy for these people. They have paid a lower rate than many others for several months. Page IV

#### London Life: the latest

The board of the London Life assurance company this week renewed its battle to achieve approval from policy-holders of its proposed merger with the Australian Mutual Provident Society. Eric Short details the latest developments. Page IV

#### E EXPATRIATES: Why exercise is important: Page V

#### m RRIEFCASE: Your questions answered: Page V



#### Foods sector bites back

MAIN EXCITEMENT in the London stock market over the Christmas and New Year hollday period was the performance of the foods sector. The initial Interest was provided at the tail-end of 1988 by the nail-biting climax to iceland Frozen Foods' battle for Bejam, which the former won on the very last day. The momentum was then maintained by the news of Irish millionaire Larry Goodman's 8 per cent stake in dairy group Unigate; dealers speculated that Goodman was part of a European consortium preparing a bid.

ubsequently, there was follow-up interest in both leading and second-line stocks, with United Biscuits traded the most actively as speculators flocked to the stock, ettracted by talk of e bid from either Switzerland's Jacob Suchard or France'e BSN. Then, Ranks Hovis McDougail caught the eye amid suggestions that major shareholder Goodman Fielder of Australia had found a buyer for its 30 per cent

The one glaring exception in the sector was confectioner Cadbury Schweppes, which fell sharply as likely US bidder General Cineme ran into trouble with the \$1.5bn sale of its bottling interests to Pepsico. Patrick Harverson

#### Rates may rise again

Nigel Lawson, the Chancellor, warned earlier thie week that he was prepared to raise interest rates again if that was required to cool growth in the economy. He has certainly shown no squeamishness in doing so previously. as the chart above shows. Since last summer, Interest rates have been raised nine times. In the City, there is broad agreement that high interest rates will damp down excessive consumption. The only unresolved Issue Is whether 13 per cent base rates will be enough. Many think they will, but even the most optimistic concede that rates could go higher before they begin to fall. Simon Holberton

#### Royal Bank axes trusts

ROYAL BANK of Canada announced yesterday that it has pulled out of the unit trust business in the UK. It has sold its four UK unit trusts — Select Growth, Select Income, Select North American and Select International - to Windsor Life. The bank said that its decision was reached because of difficult stock merket conditions and low investor activity, coupled with the impact of the Financial Services Act. John Edwards

#### Big fall in savings

Personal savings fell in the three months from July to September to the lowest level since figures were compiled, according to the Central Statistical Office this week. The savings retio - defined as e proportion of personal disposable incomes - dropped during that period to only 1.3 per cent. This compared with 2.1 per cent in the previous period (April-June) and 5 per cent for the whole of 1987. The fall has brought speculation that the Chancellor will concentrate on measures to boost savings in his coming Budget. John Edwards

### Extravagant hopes take a nose-dive

surplus means that the gilts market seems set for a period

of contraction. Following the

withdrawal of Security Pacific, there are now 22 gilt market-makers remaining but it is e question of when, rather than if, others will decide to with-

raw. Chaso Manhattan has

decided to continue as a gilt

market-maker but yesterday it pulled out of UK equities trad-

HIGHLIGHTS OF THE WEEK

1988/89 High

1514.7

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674

321

LONDON

THE CITY normally manages to ignore the rises and falls in the unemployment rate but week traders have, for been more interested in news of job losses than in movements in the FT-SE 100 Index. The iron laws of supply and demand, which previously caused mass redundancies in "smokestack" industries such as steel and ship-building, are now affecting the business of securities trading.

On Wednesday, Security Pacific Hoaro Govett announced that it was pulling out of market-making in gilts and Eurobonds. The decision meant around 135 job losses in London and 15 in Geneva plus a further 50 in Tokyo, where the group is withdrawing from the business of selling Jepa-nese securities to local inves-

The news illustrated further how the extravagant hopes of a vast and permanent increase in

FT Ord. Index

Capital Radio

March Group

Sock Shop

THORN EM

Piccadilly Radio

United Biscuits

Watte Blake Bearns

THE 2,200 mark on the Dow

Jones Industrial Average has

been a sort of Magmot Line for

Wall Street. For nearly two

years now, this seemingly arbi-

trary figure has been a mighty tactical and psychological bar-

rier, a rallying point and demarcation line for both the bull and bear forces.

This week, the Dow seemed

set to penetrate 2,200 for only the third time in history. And

if the market does close signifi-

cantly above 2,200 during the

next few days, nobody should

of this triumph for the steadi-

ly-expanding army of bulls on

Wall Street and other equity

2,200 mark. It was the Dow's first break-out above 2,200, in

February 1987, that marked the

beginning of the final and most exuberant phase of the great bull market. After peaking just above 2,200 on February 5, 1987, the market fell back

briefly to gather strength and then soared on February 17 to 2,237.49, setting e new record not only for the Dow'e level

but also for e single day'a

From that day until October

19, the 2,200 mark was tested repeatedly during the market'a

setbacks, but managed to with-stand the bearish attacks each time. Indeed, the 50-point range

of the Dow between 2,200 and

2,250 turned into what eppeared to be e final and

impenetrable line of support

for the market. It was only the sudden collapse of this barrier

on October 16, when the Dow closed at 2,246.74, which

opened the way for the rout on

Black Monday. Having taken the Maginot Line on that fateful day, the

bears have turned 2,200 into

their own impregnable defence. Four times last year, the Dow

moved above 2,150 ou heavy volume but, each time, the

effort to sustain e post-crash rally petered out just short of the magic 2,200.

advance.

Consider the history of the

markets around the world

Eurotunnel Units

Iceland Frozen Food

Courtaolds

Price y'day

1481.3

63

497

571

277

543

202

284

198

52

206

188

640

318

+26.0

+8

+17

+67

+ 14

+52

+13

-17

+40

-12

+31

-25

+ 15

+2912

securities turnover, post-Big Bang, have proved unfounded. ing, with another 135 redun-dancies resulting. Chase had Hoare Govett had been one of acquired two broking firms, the three largest and most profitable gilt brokers before Simou & Coates and Laurie up one of the jobbing groups.
As with the gilts market, the Big Bang changed dramstically the way that UK government securities were traded.

Twenty-seven groups began
to make markets in gilts, when
previously there had been only
two significant jobbing firms.

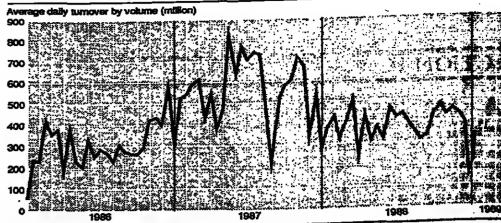
Even if the market had grown most commentators seem to accept that there is plenty of equity trading over-capacity left to shed. Some groups may have postponed their amouncements in order to let substantially, some groups would have had to drop out; as it is, the Government's budget

> SEAQ volume did pick up as the week went on but it still remains far short of its pre-crash levels. There were occasional flurries as speculators seized on stocks; United Biscuits rose more than 10 per cent on Wednosday on rumours that Suchard, the

their employees enjoy a worryfree Christmas; others may be waiting to see whether 1989 provides e pick-up in trading

Swiss group which unsuccessfully bid for Rowntree last

#### Stock Exchange Equity Shares Traded



year, was building up e stake. Results were thin on the ground and the main corporate news of the week was BP'a decision to spend £2.4bn buy-ing back 11.7 per cent of its shares from the Knwait Investment Office. The deal allows the KiO to comply with the Government's order to cut its stake, ecquired in the aftermath of 1987's disastrous share offer, back to 9.9 per cent. It appears an expensive way for BP to rid itself of a stock overhang but the cost was cushioued by the sale, announced the same day, of BP's mineral operations to RTZ

for \$4.32bn (£2.4bn). Another group which has long been faced with one large shareholder, publisher William Collins, this week admitted defeat and advised shareholders to accept a bid from Rupert Murdoch's News International. The multinational media group had owned a 41.7 per ceut stake in Collins ever since an earlier bid falled in 1981. Elsewhore, Thorn EMI bought e portfolio of 250,000

music copyrights, which were not exactly going for a song at \$337m (£187m). However, Thorn says that acquiring such standards as Blue Moon and Over The Rainbow is like buying e guaranteed cash flow; like the red, red robin, the royalties keep bob-bob-bobbin

The debate over whether Chancellor Nigel Lawson can mastermind a "soft landing" for the UK economy also keeps

bobbing along with further statistical evidence this week. Fig-ures showed that personal savings as a proportion of income fell to e record level in the third quarter of last year, indicating the strength of the consumer boom. However, doubts were raised about the accuracy of the statistics and, in one case they related to a in any case, they related to a period before the base rate rises started to bite on con-

The Government's budget surplus means that the gilts market looks set for a period of contraction

sumer spending. The Chancel-lor himself, interviewed in the Financial Times, warned that the economy could go into recession if businesses fail to control costs and repeated his determination to use monetary policy to fight inflation. Ian Harwood and Kevin Gar-

diner, of Warburg Securities, remain hopeful that a "soft landing," in which inflation is controlled without e recession, can be achieved. However, they edmit that "the path the economy has to follow this year to make the equity mar-ket happy is very narrow." The Warburg pair are looking for 13 per cent earnings per share growth and 12.5 per cent divi-

dend growth this year.
While the market remains undecided about the "soft landindecided about the Soit und-ing" debate, the FT-SE 100 index managed to break through the 1,800 barrier on Friday, helped by a buoyant Wall Street which achieved a poetcrash high post-crash high.

wall Street was encouraged by a stronger dollar which, in-its turn - thanks to a rather grisly logic - had been boosted by the US-Libya air clash. The US unit is seen traditionally as e safe haven for funds at times of international hostilities.

With the added help of speculation ebout a rise in US interest rates, the dollar climbed a further two cents on Friday to around \$1.78/2. The increase was too late, alas, for those UK companies which take the December 31 exchange rate for the purpose of translating their US earnings.

The markets are still waiting for some news which will enable Footsie to break through the 1,730-1,880 range in which it has been trading since the start of last year. At the moment, the index is stuck in the middle of the range; it is likely to need either a fall in interest rates or some evidence of profit growth in 1989 for it to break through the top. Until it does, and until some bullish enthusiasm returns to the market, traders' jobs will continue to be at risk.

Philip Coggan

#### WALL STREET

1349.0 Firmer Dollar.

232

28 Director raises stake to 29.4%.

181 Optimism over radio advertising.

241 Kerry Packer stake speculation.

Persistent French support.

Reaction to takeover of Bejam.

Takeover news expected soon.

Rescue bid of 50p per share.

188 Selling ahead of January Sigures.

533 Buys US music publishing group.

248 Suchard or BSN bid speculation.

261 20.8% stake changes hands

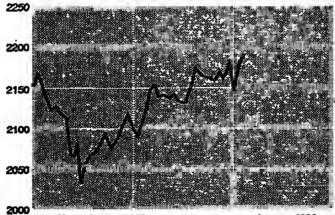
Optimism over radio advertising.

143 Rumours of consortium bid

430 Takeover speculation.

### Back to the magic mark

**Dow Jones Industrial Averages** 



November 1988

January 1989

It happened again this week. On Thursday, the Dow rose as high as 2,205 around midday before falling back to 2,190, which was still e new postcrash peak. Yesterday morning, the market tried a second time, gaining around 11 points within the first few minutes of trading. Although it had retreated below 2,200 by lunchtime, the indications seemed to bs growing that the bulls finally would prevail.

Economically and psycholog-ically, a better background could scarcely have been imagined for e successful assault on the upper limits of the postcrash trading range. Yester-day's US employment figures appeared to offer the equity market the best of all possible worlds. They indicated an

economy which was growing robustly, but they were not so strong as to ring the Federal Reserve Board's inflationary alarm bells.

Indeed, the 279,000 growth in December'a payroll employment, after a revised increase of 404,000 in November, uggested an economy that was continuing to expand steadily at the 3 to 3.5 per cent rate that has prevailed since the crash The picture of e strong, and

possibly accelerating, growth rate was confirmed by Thursday's figures from the car manufacturers and retailers. Americans bought more cars in 1988 than in any other year apart from 1986, when sales were boosted artifically by technical

The major store chains reported that Christmas shopping was much livelier than they had dared to hope, with sales gains averaging about 10

Along with similarly buoy-ant indicators of consumer confidence and unexpected strength in large parts of the US economy, including the housing market, all these fig-ures confirmed that the Ameri-can public finally had decided to put Black Monday behind it. Of course, the naysayers will continue to harp on about the

inflationary dangers of the extremely robust US growth rate - and, in the long run, they will be right to do so. The present growth of GNP is almost certainly far above the 2.5 per cent target set informally by Fed chairman Alan Greenspan. And the rise in interest rates required to slow growth to 2.5 per cent would probably be much steeper than anyone now is expecting.

To date, however, there has been no evidence that the central bank intends to be bound by this target any more rigor-ously than it has stuck to its other official and unofficial objectives in the past five

No doubt Greenspan still regards fighting inflation as the prime responsibility of the central banker. But he seems unlikely to act until he sees the whites of inflation's eyes. This was exactly how his close friend and msntor, Arthur Burns acted early in the 1970s when he was chairman of the Fed. in the event, Burns' actions proved to be far too little too late, and the whole of the world economy paid the price for his tardiness with nearly 10 years of stagflation.

CLOSED 2144.64 - 28.98 2177.66 + 33.04 2190.54 + 12.86

#### Anatole Kaletsky

least \$6bu putting together its minerals operations since 1980 but write-offs have left them with e balance sheet value of

RTZ is taking the assets, but hardly any liabilities - responhardly any hammes — respon-sibility for only \$66m-worth of joint-venture project financing — and has lined up all the nec-essary cash already. If RTZ did borrow all the money, its gear-ing would go from nil to 60 per cent; but Warburg's Worthington suggests operating profits from the BP assets could be about £275m this year, more than enough to cover interest charges if the money was borrowed in the US.

Whatever the custome BTZ

whatever the outcome, RTZ will have "got back to basics" and will clearly be mainly a mining group. It will have ended a five-year period where, according to Wellesley-Wood, "it seemed as if it could not make up its mind whether it was an industrial conglomerate or what. The uncertainty has now been removed and that is good for any stock."

Kenneth Gooding

### JUNIOR MARKETS

### **Blood-letting** on the USM

fell and the virtual exit of Citicorp Scrimgeour Vickers from month, it raises the spectre of more volatile prices, greater difficulty in buying shares, and the risk of getting locked into particular holdings.

By itself, however, Chase's decision should not prove too significant. Chase is estimated to have made markets in about 50 USM stocks so, although it had an important role in making markets for its own corporate clients, it was not in the same league as the big players such as Winterflood Securities, County NatWest end BZW which deal in most, if not all,

**TISM** companies. However, fow people see Chase's withdrawal as an isolated event. More blood-letting is likely, according to Brian Winterflood, who heads Win-terflood Securities. "People are still spending e pound to make 50p," he says.
The cut to the number of market-makers has already

made it more difficult to trade in USM companies. "There is e general feeling that liquidity has got tighter," says Gary FitzGerald, a USM companies fund manager at Throgmorton stment Manage That said, it could be private investors who feel the pinch

most sharply. Many institu-tions, which need to build up holdings in large sizes, do business on e matched bargain basis which does not involve e market-maker. Furthermore, the institutions are increas-ingly willing to take a long-term view of USM stocks. None of this has come as e suprise to the professionals. According to analysis by Hoare Govett, the number of USM market-mekors hed increased substantially in the

increased substantially in the year to the end of September. Nearly three-quarters of USM companies had four or more market-makers, uearly double the number the year before.

Given that this increase happened at e time when volumes were reduced sharply, some abakeout in the number of

market-makers was inevitable. IF THE Unlisted Securities Market is regarded as an indicator of vigour, then the West Midlands is the top high-flying region after London and the courth-east according to the courth-east.

south-east, according to Peat Marwick McLintock's 1988 USM survey. Of the 88 companies which

Of the 88 companies which joined the second tier in the year, 14 wore based in the West Midlands. This gave the region e 17 per cent share of the total — eubstantially ahead of its nearest rival.

IF YESTERDAY'S withdrawal Yorkshire and Humberside, from market-making by Chase with 9 per cent.

Manhatten is part of e frend, "I think the number of USM it could spell trouble for USM listings bears a close relationinvestors. Taken together with ship to the economic strength the departure of Morgan Grenof an area," says David Carter, head of corporate financial services at Peat, the UK's larg-USM market-making last est firm of chartered accoun-

tants. Predictably, London and the south-east account jointly for 51 per cent of the total, with London notching up 22 new entries and the south-east 20. The south-west's share of 1988 joiners was 5 per cent, Rest Anglia and the north each accounted for 4 per cent, the north-west, Scotland and the East Midlands each had 3 per cent, and Wales came bottom

with 1 per cent. . An analysis of what sort of companies sought e USM quotation puts industrials high in the lead with 24 per cent, fol-lowed by electricals with 10 per cent and property with 9 per cent. The building indus-try rose from last year's 6 per cent to 8 per cent and the lelsure sector from 4 to 7 per cent. On the other hand, drapery and stores slipped from 6 to 4 per cent, reflecting the depressed state of the retail sector. Paper, printing and advertising fell from 8 to 4 per

cent. At 88, the number of flotstions itself, although up on last year's 72, is still below the 1986 total of 91. The crash obviously affected the 1987 total but the October 1986 rule change – lifting the maximum amount that could be raised via a placing on the main mar-ket from £8m to £15m - also contributed to the downturn in the number of companies ning to the USM.

This was because, before the rule change, 53m was also the maximum that could be raised via a placing on the USM. As it was substantially cheaper to get o USM, rather than a main market, quote, many compu-nies chose the second tier. Once the £3m main market

Once the £3m main market barrier was lifted, fewer opted for the USM.

The \$8 companies raised a total of £301m in 1988, an everage of £3.4m each.

Not surprisingly, the fourth quarter of 1987 saw a drop in the number of flotations compared with the previous year's final quarter, from 32 to 21. The hesitation after the crash continued into the first quarter of 1988, with just 18 entrants, but confidence had entrants, but confidence had returned by the second quarter and many companies which had postponed their quotes went ahead. This produced a total of 33, the highest-ever quarterly figure.

Fiona Thompson & Vanessa Houlder

#### A WHOLE-HEARTED chorus of approval is being given by London's mining analysts to the agreement in principal reached this week for the RTZ Corporation to buy British Petroleum's world-wide miner-als assets for \$4.32bn (£2.4bn). "It is a very unusual deal in that it is very good for both companies," says Enan Wor-thington, of Warburg Securi-ties. "BP did not expect to get

such a good price, but it was a once-in-a-lifetime opportunity for RTZ which had to be Andy Smith, of Phillips & Drew, reckons RTZ is "getting world-class assets at e bargain world-class assets at e cargain price" while Mark Wollesley-Wood, at Kloinwort Benson, suggests: "This is e brilliant deal for RTZ. It could not have done a better deal in the

ral resources area and is a marvellous strategic move."
Tho stock market has reflected this confidence and the RTZ share price rose steadily this week, even though the deal could see the group borrowing cash equivalent to roughly three-quarters

of its market capitalisation.

### The deal RTZ couldn't refuse

leaving it geared highly and even more exposed to some of the world'a more cyclical met-RTZ already is the dominant

world's industries, with interests in 40 countries. It mines and smelts most major metals: aluminium, copper, iron, lead, zinc, silver and gold, and its speciality minorals include borax, potash, silica sand and industrial diamonds. It provides energy raw materials from Australia and Canada (coal) and Namibia and North Derek Birkin, the chief exec-

America (uranium). utive, says the BP deal fits fits RTZ's strategic aims precisely by increasing the group's involvement in gold produc-tion, expanding its industrial minerals business, establishing e new source of uranium, and adding more low-cost base met-

als properties. If the deal goes through, RTZ will for the first time become a

major player in the gold mar-ket and will boost its beneficial share of western world copper output from 4 per cent to 6.5 per cent, while its share of ura-nium production would go up from 8 per cent to 10 per cent.
Birkin was particularly
enthusiastic about the fact that
the group's attributable annual gold output would be increased to about 1m troy ounces and place it third (after Newmont and Placer Dome) among pro-ducers outside South Africa. More than 300,000 ounces of

gold e year will come as e by-product from the Bingham Canyon copper mine in Utah, by far the major asset to be acquired by RTZ and the deepest open-pit copper mine in the world. Some analysts reckon the mine, re-opened recently after a \$400m referriblement is after a \$400m refurbishment, is worth about half the cash

This is the world leader in sup-plying titanium dioxide feedstocks to the pigment industry, with 40 per cent of the market. The use of titanium dioxide has grown steadily to replace competitors such as clays and kaolins. QIT also has a 42.5 per cent stake in Richards Bay Minerals in South Africa, the major producer of titanium

The addition of more uranium to BTZ's portfolio would come from e 49 per cent share-holding in the Olympic Dam copper-gold-uranium mine in South Australia, while the rest of the BP package includes some gold and silver mines and

ploration projects. How would all this change the shape of RTZ if the deal goes through in its pressnt form? One indication is that RTZ reckons the share of its Another plum in the BP
package is QfT-Fer et Titane
based in Montreal, Canada.

K12 recents the share the instruction assets employed in North
America would jump from 39
per cent of the total to 50 per
cent, while the Anstralian per-

centage would rise from 13 per cent to 20 per cent. On the other hand, the share in the European Community coun-tries would drop from 36 per cent to 16 per cent. One possible negative point: the RTZ assets employed in

Some questions have been raised about the price RTZ is

South Africa would about double to nearly 4 per cent — and this might just be enough to discourage more investors with strong anti-apartheid feelings.

After the acquisition, RTZ would get 35 per cent of its would get 35 per cent of its operating profit from base met-als and aluminium; 25 per cent from industrial minerals; 10 per cent from precious metals; and 5 per cent each from energy and iron ore. The remaining 20 per cent would come from RTZ's industrial interests including RTZ Pillar and RTZ Chemicals, which are mainly concentrated in the UK and North America.

willing to pay. BP speut at

IS IT worth buying the new Capital Bonds, just launched for sale this week by National

AN INNER THE

It is the first new product for It is the first new product for three years from National Savings, a subsidiary of the Treasury, and is being presented by the government as part of its plan to hoost personal savings. But it is simed only at investors who are willing to lock money away for five years before getting any return. It has a special attraction for non-targewest in unition for non-taxpeyers in per-ticular, since the interest is paid gross. But for high rate and standard rate taxpayers the main appeal is the govern-ment backed guarantee of a known interest rate for the

next five years.

Certainly the guaranteed interest, equivalent to a compound rate of 12 per cent per annum over five years, 18 attractive particularly if you think that interest rates are at or near the top.

or near the top.

Currently several building societies, and banks, are offering higher rates — admittedly on much larger minimum deposits. But these are variable and may fall sharply in the next few years. The special attraction of Capital Bonds is that the interest rate is swarm. that the interest rate is guaranteed to last for five years. There are few other products, with the exception of National Savings certificates and some guaranteed insurance bonds; that offer a known fixed rate for five years ahead.

For the standard rate taxpayer the return on the Capital Bond is nine per cent a year compared with the 7.5 per cent tax free paid by the current (34th) issue of National Savings certificates.

So for standard rate taxpayers it obviously makes sense to buy Capital bonds instead of savings certificates. The general extension rate on old issues of savings certificates has already been cut to a low level to encourage existing. holders to switch out to the 34th issue; now it would be better to ewitch out to Capital bonds. What is more John Patterson, Director of National Savings, made it plain that any future changes in rates would be likely to maintain Capital bonds as a better bet for stan-

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The same of

It is more difficult for top rate taxpayers. The return for them on Capital bonds is equivalent to 7.2 per cent, just below the 7.5 return on the 34th issue of savings certificates. On the other hand, unlike savings certificates, there is no restriction on the amount of Capital bonds that

can be purchased.

The lack of any restriction estimates that the tax hability

John Edwards on the National Savings Capital Bonds

# A boost for non-taxpayers

on the amount that can be bought (the minimum purchase is only £100) is one of the new features of Capital bonds. So is the fact that when the five year term ends there is no further interest and the capital sum together with account will be reduced by three per cent. This is because in the third year of payment, the tax-payer has the choice of either paying on the income received during the second year or on the third year. Obviously the second year will be chosen, as it is lower. So in effect the tax sum together with accrued interest (described misleadingly as the capital growth) is repaid immediately. liability for the third year will be reduced to the second year More unusual is the tax situ-

ation. The interest is paid gross, but is liable to income tax on an annual basis and the Inland Revenue will send a statement of value to the bondholder indicating the amount of interest samed which is liable to tax. However the bond has to be held for five years to receive the full rate of interest and during that period no income is paid out. So the investor faces the uncomfortable position of having to pay tax on accumulated interes several years before actually receiving any money back. This is not totally new, since high rate taxpayers for exam-ple are liable to pay tax on deposits held in building soci-eties, but it is not a pleasant prospect to fork out tax in

It is a difficult calculation to pay income tax in advance, since it depends on what you might have earned if the money was not paid to the tax-

A complication is that your rate of tax liability may well change during the five-year period for which the bond is held. To produce the average compound rate of 12 per cent per annum the interest credited is tiered into five fixed rates that increase from a low point of 5.5 per cent in the first year at 5.5 per cent, moving up to 8.5 in the second, 11.5 in the third 14.5 in the fourth and jumping in the fifth year to 20.6 per cent. This means that your tax liability is low in the early years and gradually rises.

A further complication. according to Ralph Newns of Spicer & Oppenheim, chartered accountants, is the complicated way in which income tax is

bonds, issued by insurance companies, that pay a slightly higher rate than the Capital bond, and are considerably more flexible. You can choose between one to five year periods, receive income on a yearly basis or use the tax advantage to protect your age allowance or change of status from a high

there are several guaranteed

or change of status from a high rate to standard rate taxpayer. John Patterson, in introduc-ing the Capital bond, hinted strongly that the first A series contained a special introduc-tory incentive, in the form of an attractive interest rate, that might not be repeated with might not be repeated with later series. In other words huy now while stocks last. He noted that National Savings reserved the right to withdraw the series at any time, just as it does with issues of savings certificates.

There is no doubt that the Capital bond is ideal for nontaxpayers, not requiring imme diate income. They would, for example, make an ideal gift for children from grandparents or fond relatives.

But for taxpayers they have limited appeal, unless you think that interest rates are going to plummet in the naxt few year and are prepared to lock money away in anticipation of that happening.

For every £100 invested you get £176.24 at the end of five years, which National Savings somewhat controversially is promoting as "capital growth" even though the gain is, in fact, liable to income tax.

If you surrender the bond early, you receive either only your money back (if you cash in the bond before 12 months) or the very low rate of interest paid in the early years. You also have to bear in mind that with tax paid in advance, the "real" return to taxpayers is somewhat lower.

such as building society and bank deposit accounts it Peter Hargreaves, of Bristol intermediaries Hargreaves Lansdown, claims that the should be borne in mind too that the composite rate tax (CRT) automatically deducted Capital bond has "nothing to at source is only 28.25 per cent and this will be lowered to

He wouldn't advise investing in a product that meant locking money away for five years and paying tax meanwhile, when there were better alternatives available. If you believe interest rates will remain high, then Hargreaves suggests investing in an offshore roll-up fund that pay a higher rate and allowed you to have a tax advantage in that if you decide to roll-up the inter-est, as happens with the Capi-tal bond, the taxpayer pays a "chargeable gain" only when take your money out and pay when it suits you most. Alter-natively guaranteed insurance bonds offered the same fixed interest rate over the longer term, with more flexibility in withdrawals and payment of

### Dawn of a new banking era

THE NEW YEAR has opened on a happy note for customers on a nappy note for customers of the main clearing banks. On Thursday, Lloyds launched its interest-bearing current account called Classic, together with an instant rise in the interest rates paid.

It is the start of a new era, with the banks - worried by increasing competition from the building societies - deciding to give a considerably better deal, not only in paying interest on current accounts but also making it easier to having to pay prohibitive charges.
Midland was the first bank

to react to Lloyds by announcing that it plans to introduce three interest-bearing accounts on February 20, while Barclays and National Westminster have promised they will follow

Lloyds has adopted a some what cautious approach in that the new Classic eccount is available only on request to its existing current account hold-ers – a strategy that has irri-tated existing customers who are deluged with offers for the bank's other financial prod-

The assumption is that the hank would prefer to win new customers, rather than give extra benefits to those it has

The Classic account pays two rates of interest, which were raised by 0.5 per cent this

On balances between £1 and 2500, the rate is 4.5 per cent net (after deduction of composite rate tax). On balances of over 2500, it is 6 per cent net. You get free banking, with

all the normal services includ-ing a Visa payment card, unless you are more than £100 overdrawn. In that case, you pay a flat fee of £6 a month in addition to the overdraft

charge.
The bank gives a personal overdraft allowance, typically up to one mouth's salary, which is free of interest up to 2100. Above £100, the bank'e stan-dard personal overdraft rate of

1.7 per cent (22.4 per cent annual percentage rate) is charged. So, the trick is not to let your overdraft go over £100 if you want to avoid charges. However, as an extra benefit, Lloyds is providing free life

overdraft. Midland's more ambitious venture includes introducing two new interest-bearing accounts and updating an existing one - the Vector, which was launched 18 months

insurance on any personal

ago — on February 20. Midland says the strategy is an extension of the new

approach to banking started by Vector, which has attracted more than 200,000 customers. The two new accounts are called Orchard and Meridian. All three offer interest on curreut accounts and a £100 cheque guarantee but the rates of interest vary from 5 to 8 per cent net, as do the various ser-vices offered.

It is a complicated package, although Midland claims it reflects the different lifestyles and ambitions of its custom That might be, but it certainly makee choosing a bank eccount a lot more difficult than used to be.

Save & Prosper has adopted a more straightforward approach, by improving its existing interest-bearing Robert Fleming Classic account.
It has abolished all charges

when the account remains in credit: increased the cheque guarantee limit from £50 to £100; and allowed overdrafts at an interest rate of 17 per cent, which means an APR of 19.2 per cent since there is a charge of £2 a month if the account is overdrawn on the last day of the month.

Halifax Building Society also has a highly successful interest bearing account, which has

over 3.25m. customers. The Card Cash includes many of the normal banking services but does not allow overdrafts and does not provide a cheque

book. The Halifax have conce trated instead on developing electronic means, such as plastic cards and cash machines, but the society is now consid-ering introducing a cheque book account as well.

Several other building societies have high interest cheque accounts that provide limited banking services.

However if you are more interested in the interest rate than the banking services, you can obtain a much higher return by going for deposit accounts either with banks or building societies.

The latest round of interest rate increases means that most of the leading societies are now offering top rates of 10.25 per cent on some accounts, with balances of over £25,000 and requiring 90 days notice of

With the banks and building societies locked in mortal com-bat, it is a good time for investors to shop around for the best bargain.

John Edwards

LEADING INTEREST-BEARING CURRENT ACCOUNTS					
Account	Balance	Interest Net %	Net CAR %	Charges	Unsecured overdraft rate
Save & Prosper Classic	£1-£500 £500-£5000	5.00 8.75	5.10 9.14	No transaction charges. £2 per month only where account overdrawn on last work- ing day of month	17.7% (19.0% APR)
Abbey National		5.00	5.06	No transaction charges	1.5% per month 19.5% APR
Со-ор	£1-£309	4.50	4.59	No transaction charges	2% per month
Cheque & Save	£400-£999 £1000-£2499 £2500+	7.00 8.00 9.00	7.22 8.30 9.38	£18 per quarter fixed charge	(26.8% APR)
Lloyds Bank	£1-£499	4.50	4.50	28 per month when more	1.70% per month
Classic Account	£500+	6.50	8.69	than £100 overdrawn	22,4% APR
Midland	£1-£249	5.0	5.09	£5 per month	1.75% per month
Orchard	£250-£989 £1000+	6.0 7.5	6.13 7.71	if overdrawn	23,1% APR
Midland	£1-£999	6.5	6.66	£10 per month if bal-	Between 1.4% and 1.5%
Meridian	£1000-£1989 £2000+	7.75 6.0	7.97 8.24	ance below £1000	per month 16.1% to 19,5% APR
Midland Bank		7.00	· 7.18	No transaction charges	1.50% per month
Vector Account				£10 per month fixed charge	19.2 APR (first £250 interest- free)
Nationwide Anglia	983 of qu	2.75	2.75	None	1.75% per month
Flexaccount	£100-£499 £5000 +	4.25 5.50	4.25 5.50		23.1% APR

# Rankings tell a good story

FOR HUGH Young the rather than direct commodi-30-year-old manager of Abtrust ties. There is also a time lag Far East Emerging Economies between an upturn in trade and Abtrust Pacific, 1988 was a good year — he manages the two top-performing unit trusts. In happier times, he would no doubt have received a few calls from head-hunters. But at the end of 1968, an unhappy year for the UK stock market, the abutters are down at many

fund management groups.

Nowhere is this more likely to be the case than at Target, which has the dubious distinction of hoasting three funds among the lowest 25, both over 1988 and the past five years, according to performance fig-ures released this week by Micropal. Over five years, Target Australian is the worst per-former. An investment of £100

in January 1984 would be worth only £18.76 now.
Target Australian, which was taken over by the TSB group in 1987, was hit by a wave of redemptions of nearly ket crash in the same year and the weakening dollar. It has since recovered a little and is now 15th out of 17 trusts in the sector, rather than bottom.

sector, rather than bottom.

Target's commodity and gold funds have fared equally badly, with the Commodity fund the 16th-worst performer over 1988 and the Gold fund the fifth-worst. Over five years, Target Gold is the second-worst fund in the Commodity fund is while the Commodity fund is

the seventh worst.
The bottom 25 trusts are dominated by commodity and gold funds, although some commodity markets such as grains and rubber have been strong over 1988. However, the director Hugh Jenkins blames funds invest in companies one stock which "went adrift

and commodity prices, and this filters through to corporate profits and share prices.

In fact, the commodity trusts' sector includes some diverse performers. The best over 1988 was S & P Energy Industries, with Royal Trust'a PPT Commodity fund second. They turned £100 into £116.90 and £112.90 respectively while Henderson Gold, the worst, turned it into £57.40. This fund also comes at the bottom of Micropal's list of 1,110 unit

micropal's list of 1,110 unit trusts over 1988.

In the UK trust sector, Gartmore UK Selected Opportunities had a disappointing year. This was formed recently following a merger between Gartmore's Special Situations and UK Selected Opportunities funds, and David Stevenson hook over the management five took over the management five months ago.

He attributes the year's poor

performance to certain "special situation" stocks such as stock-broker J. C. Parrish, Caspin Oil and the Munton Group, which makes shirts. He also blames a high level of redemptions and an outflow of between 30 and 40 per cent of the fund'a money, which has forced sales of unmarketable stocks in poor markets. Stevenson intends to establish a core base of recov-ery stocks and to keep the fund

ery stocks and to keep the fund liquid at between 15 and 20 per cent of total assets.

Another fund that had a bad year was Allied Dunbar's Sec-ond Smaller companies trust, which was the 14th-worst per-former over 1988. Investment director, Funds, Janking Morross

61.75

73.17

in the beginning of the year" and points out that the fund has also had a change of man-ager this year. Allied's smaller companies funds are also comparatively large, which could make it harder to perform well. There are no smaller compa-

KIPPERS IN THE

CAPITALBOND

When making a comparison with alternative investments,

21.75 per cent from April. The Halifax building society

does not, in fact, expect the Capital bond to be a big com-petitor for funds, since it says that investors like the flexibil-

ity and accessibility to with-draw money offered by build-

the bond actually matures.

Trevor Parker of Tower Fund Managers said that at present

Guaranteed insurance bonds

ing societies.

nies funds in the top 25 but, among those established lon-gest, the best performance came from M & G (10th out of 187 UK growth trusts ), MIM Britannia (12th) and Govett UK (17th ). They turned £100 into £109.50, £108.70 and £107.80. Ahtruet's Far Eastern Emerging Companies fund has the advantage of being fairly small (£15m) although it would be unkind to deny that Hugh

Young did well over the year by getting his weightings right in the various parts of the Far We concentrated heavily on Korea, Taiwan and Thailand this year," he says. Earlier in the year, he put 23 per cent of the fund into Taiwan. "After

the market had gone from 2,500 to 7,500-plus, it was looking very hot. Luckly, we sold back a number of the units we had there just before the Taiwan market crashed." All but two funds in the top 10 this year are Far Eastern. The two exceptions are Fidelity American Special Situations (sixth) and NM Australia

(third). Mary McBain, who runs the MIM Britannia South-East Asia fund (fourth) explains that she started the year exposed heavily to Singapore and Malaysia, with some investment in Thailand, the Philippines and Taiwan.

Like Young, she pulled out of the Taiwanese market in

Top Ten Over Five Years"

Key Income M&G Midland & General

Fidelity Special Situations

TR Special Opportunities

Framlington Extra Income

Bottom Ten Over Five Years

NM Schroder Singapore & Malays

Abbey US Emerging Companies Wardley Technology Target Amercian Eagle Govett Gold & Minerals

Arkwright Growth

Baring First Europe

Abtrust American

GT US & General

Prolific Technology

Gartmore American

s Mahon Recover

TEN BEST AND WORST PERFORMANCE FUNDS

time. Her top holdings are Singapore Airlines, Cathay Pacific, Singapore Land, New World and New World Warrants and World International, Fidelity had a good year in 1988. Its South-East Asia fund

was eighth and its European fund 11th. in Europe, manager Anthony Bolton got his markets right, starting off over-weight in Italy and under-weight in Italy and Switzerland Across the Atlantic in Boston, colleague David Edgerley moved Fidelity Spe-cial Situations into sixth place

The fund was a high technology one originally but Edger-ley has turned it into a "value" fund over the past two years.
"We just go in and, if the price
of a stock doesn't tend to reflect its asset value, we buy it," he says. "There is still a lot of value in the US market. We don't have great market timing theories et Fidelity. If someone is going to sell me a stock which is worth half of its cash flow. I'll huy it."

Before reaching for the phone to switch your units, bear in mind that one year is a short a time over which to judge a fund, and unit trust investment should be for the long term. It is generally easier for a small, new fund to out-

perform an unwieldy large one established for several years. Nevertheless, several funds which did badly this year have done badly for several years running, and short-term perfor-mance is often a good indicator for the long term. The rank-ings tell a good story.

Heather Farmbrough

Performance

386.56

380.10 377.02 373.33

357,89 348,68

339.00 337.16

329.20

82.58

84.21 85.84

85.12 86.85

87.41

89,14

"Offer to bid received

001101101	110000
.COMPANY	NOTICES

TRAFALGAR FUND S.A. société anonyme

Registered Office: LUXEMBOURG, 14, rae Aldringen Commercial Register: Section B No 8202

NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

The Extraordinary General Meeting of Shareholders of TRAFALGAR FUND, S.A. will be bold at its registered office in Luxembourg, 14, rue

Aldringen, on 16 January, 1989 at 11 a.m. for the purpose of considering and voting upon the following matters: Amendment of the name TRAFALGAR FUND S.A. 10 SCHRODER INTERNATIONAL SELECTION FUND.

Amendment of the period of establishment of the Company from a period of thirty years expiring on December 5, 1998 to an unlimited period.

Amendment of the present form of the Company to a société d'investissement à capital variable (SICAV) subject to the law of March 30, 1985 on undertakings for collective investment in transferable securities, in order to transform the Company into an embrella fund with several classes of shares and to include in the articles of incorporation, to

several classes of shares and to include in the articles of incorporation, to conform these with the law of March 30, 1988, different rules in respect of permitted investments, investments restrictions, suspension of redemption events and of determination of the Subscription, Redemption and Conversion Price of the shares, by a reorganization and/or amendment of all the present articles of incorporation, from article 1 to article 30 pursuant to articles which may be inspected during usual business hours on my business day or can be obtained at the registered office of the Fand, 14, rue Aldringen, L-1118 Luxembourg, Grand Duchy of Luxembourg, and at the offices of Schroder lavestment Management Limited, 36, Old Jewry, London BC2R 3BS, England.

Resolutions relating to points I, 2 and 3 of the agenda of the Extraordinary General Meeting will require that a quorum of at least 50 percent of the total issued and outstanding share capital is represented (in person or by proxy) at the meeting. Should such quorum not be reached, a second meeting would then be convened not earlier than one month later. At such second meeting no quorum would be required.

No special quorum is required for the passing of the resolutions relating to point 4 of the agenda. The chareholders may act at the Extraordinary General Meeting by appointing another person as their proxy in writing or by cable or

To be passed the resolutions relating to points 1, 2 and 3 of the agenda must be carried by a majority of two thirds of the shares present or

To be approved the resolutions relating to point 4 of the agenda will only require a simple majority of the shareholders present or represented. BANQUE GENERALE DU LUXEMBOURG S.A. 14, rue Aldringen, LUXEMBOURG

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The Board of Directors

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Source: Micropal Las

Top Ten Over One Year Abirust Far East Emerg Economs Abtrust Pacific NM Australian MIM Britannia South East Asia Fidelity American Special Sits Govett Pacific Income

Fidelity South East Asia Scot Equitable PT Far East Thornton Tiger Bottom Ten Over One Year

nderson Gold S&P Excloration Waverley Australasian Gold Gartmore Australian MIM Britannia Gold

NM Schroder Gold Royal Trust PPT Gold Share Gartmore Gold Share

#### FINANCE & THE FAMILY

AMID THE general depression about mortgage rates, there are some who are a bit more depressed than others: those whose mortgage payments only change once a year, rather than every time the mortgage rate goes up or

On the whole they have been insulated from the mortgage rate increases of last year, and so will feel the shock of the latest mortgage increase all the

Take the 1.1m people with mortgages from the Halifax who are in an annual scheme known as the Halifax's Budget Plan). The rate is changed in April each year. Anyone in the plan before last April, therefore, would have their mortgage rate adjusted to the rate at that date - 10.3 per cent.

They would have continued to pay this rate while the sociother 600,000 borrowers saw their payments rise to 12.75 per cent during the course of the year.

In April this year the annual rate will probably be set at 13.5 per cent (the rate at which societies are expected to settle in the current round of rate rises). For Budget Plan borrowers this effectively means a 3.2 per cent increase in their pay-ments, and therefore a rude shock.

But don't spare too much eympathy for these people. They have paid a lower rate of st than others for several

Argyla Truel

Armete Avdel Avdel Bojamij Brit. Syphon CLF Hidgs. Cambrian & Gen. vab. & Gen. Vy Hunz

Cornh Cundell Dale Group

Johnson Fry London Sho

Cambrian & Gen. Camb. & Gen. Cap. Christy Hunt Collins (Wm.) Collins (Wm.) A

For those whose loans are adjusted annually the increases will hit with a vengeance

## Awaiting the shock

What has happened to the extra interest they have avoided by being in the Budget Plan? This has still accrued, and has been added to their outstanding mortgage. In other words if they escaped paying, say, £100 interest last year, then £100 has been added to the size of their mortgage.

The result, says Halifax, is that their interest payments after April will be only about £1 higher than if they had not been in the Budget Plan. Many people may consider this a small price to pay for the abli-ity to defer higher interest costs to a later date.

This makes schemes like Halifar's hudget plan sound an attractive way of smoothing the effects of high interest rates. This is not necessarily the case.

Imagine, for instance, that mortgage rates fall after April this year. Halifax's Budget Plan borrowers will be tied in at 13.5 per cent (assuming it picks this rate) for the next year, while other borrowers will benefit from lower interest rates immediately. The extra

82.60

1711 219.68

88.1

33.97

135.94 266.72

10.99

294,32 1,01bn

189.49

1.7bn 88.59

Oct 68,700 (53,256) 31.1 (27.0) 11.5 (8.7) June 350 L (97 L) (-) (-) May 225 L (67 L) (-) (-)

(953) (3,870) (2,700) (34)

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LIT Hodge, Poel Hodge. GEC-Stemano

bet stone (b) her spaid (b)

per share (o)

1.5

2.0 1.12

**COMPANY NEWS SUMMARY** 

TAKE-OVER BIDS AND MERGERS

156 251

\*All cash offer,ffCash alternative, #Partial bid, \$For capital not already held,fUn-\*\*Classed on 2:30om prices 8/1/89.7At suspension. \$\$Shares and cash. ed on 2.30pm prices 6/1/89.†At susp

PRELIMINARY RESULTS

Sept 618 L (477 L) - (-)

INTERIM STATEMENTS

1.190

3,850

27

735 6

780~5

interest paid during the year is then used to reduce the outstanding mortgage.

It is, therefore, a clear case of swings and roundabouts and can provide unpleasant shocks for the unaware borrower, such as when payments leap suddenly in April this

Similar schemes operated by other building societies differ in their details. They can lead to mortgage rate increases of as much as 48 per cent for the unwary, but can on the other hand offer planning opportunities which enable borrowers to smooth their interest costs.

Take the third of Nationwide Anglia's 900,000 borrowers who are on annual schemes. They have a choice of having th extra, unpaid interest from last year added to their mortgages or they can opt to pay it off

over the next 12 months. Take the case of someone with a £30,000 repayment mortgage. At the rate fixed since last year (10.3 per cent) he or she is paying £232 a month, compared with the £285 being

rent mortgage rate of 12.75 per of £83.04 has built up in the last year. If this is tumped into the mortgage, it adds only 73p a month to the mortgage pay-ment over and above the £259. However, if the borrower opts to pay off the unpaid interest over the next year (to get back on to an even keel),

paid by someone on the cur

Those with endowment mortgages will notice this effect more acutely.

Their monthly payments

the annual payment goes up to

£276. This is a considerable

leap from the £232 he had been

£268.88, if they opt to pay off the extra interest over the next year. This is a thumping over-night rise of 43 per cent in their mortgage repayments.

If they opt to pay it off over the life of the loan, the payment goes up by a more modest (but still frightening) 28 per cent, to £241.25.

could increase from £187.98 to

The Woolwich'e borrowers on the other hand, have considerable scope in how they time the effect of changes in interest rates. All those who hav taken out mortgages since last January (16,000 so far) are antomatically on an annual scheme. Their payment is edjusted each September, and any unpaid interest is added to their mortgage (while overpaid interest is deducted from the

mortgage). However, the Woolwich says that its customers can opt out of the annual scheme when-ever they wish. That means that, if interest rates come down, they can opt out and pay the lower rate, rather than being tied in the higher rate until their next annual review

This provides them with the opportunity of tying in to low rates, but not being committed to paying high rates — provid-ing them with some scope for smoothing interest costs.

London Life moves to secure approval for merger with Australian Mutual Provident

# The battle is renewed

The Board of London Life this week renewed its hettle to achieve approval from policy-holders of a proposed merger with Australian Mutual Provi-

The revised merger docu-ment, sent to policyholders prior to the special meeting on January 27, is a distinct improvement on the previous effort, not a difficult task. It contains much more information and seeks to answer some of the previous criticisms and queries raised by policyhold-

For a start it sets out the terms under which Equitable Life Assurance would have considered a merger. It claims that Equitable Life would have 'dismembered and dismantled' London Life. The funds would have been amalgamated, with London Life ceasing to write new business and bonuses on existing with-profits contracts would in future would have been linked to those of Equita-ble Life.

In short, Equitable Life was not prepared to give any favours to London Life policyholders, even if those policy holders also held Equitable Life policies

Those policyholders who have been pressing for a merger with Equitable Life, primarily on the grounds of familiarility, may now recon-sider whether their enthusiasm is justified by the actual terms although they may still feel

that future homus prospects would be better with Equitable Life than with AMP.

Secondly, the document spells out in more detail the other suggested solution of closing the life fund and run-ning off the business.

Essentially such an operation involves heavy initial closing down costs - put in the region of £7m. - and the distrihution of what would be left of the free reserves would not take place for some years.

Closing down a life fund only provides high returns to existing policyholders if the fund itself has a high level of

For example, existing policy-holders in Norwich Union, where the free reserves are currently over 20 per cent of

nicely if that fund was closed down, though as yet there has been no demands from policy-holders for this to happen. London Life'o fund, while still adequately solvent, just

does not have this level of free reserves to make closing down an ettractive alternative. Finally, the document again stresses that while London Life could continue on its own, it would be under conditions of conservative investment poli-cles and controlled new busi-ness growth — not ideal condi-

declarations. The document endeavours to stress the positive aspects of the merger, though the terms themselves are unchanged. However, more details are provided as to how London Life would operate within the AMP

for bnoyany bonus

A local board would manage the day-to-day affairs of Lon-don Life. But the majority of its members would be appointed by AMP and the main AMP board in Sydney would have overall control.

So the fact remains that London Life policyholders in approving the merger will be surrendering control to AMP. In future their vote would be related to the composition of the main AMP board and their 60,000 plus votes would have little influence on the views and actions of the existing 2m. and actions of the existing 2m. AMP policyholders.

Realistically the choice inc-ing London Life policyholders is whether to approve the is whether to approve the merger, for positive or defensive reasons, or let the company struggle along on its own under a Board that fully believes this is not in the best interests of reliented descriptions. netreests of policyholders. The interests of policyholders. The EGM to approve the merger is being held at the Grosvenor House in London on January 27. But proxy voting forms have to be completed and returned to the company by Wednesday January 26.

As before, London Life is not giving policyholders very much time to consider their action. Perhaps it is now time to end the uncertainty as quickly as possible.

### Sheltered homes cash scheme

sponsors have found a way to raise money for sheltered housing under the umbrella of

an assured tenancy issue. Chancery announced this week that it is seeking to raise a maximum of £5m to invest in residential property under the name of "care centres" blocks of flats or bungalows which will be let to elderly tenants who may require nursing services. Sounds familiar?

Essentially, the company is investing in the cheltered housing and nursing care basiess through an assured tenancy scheme. Since last year's Budget, only assured tenancy schemes and shipping companies can raise more than £500,000 under the BES.

However, the maximum that can be raised for an assured tenancy scheme is £5m - the old BES limit. So. Chascery has turned its sheltered housing and nursing care business into an assured tenancy

The care centres will be managed by Associated Numing Services, a former BES company now on the Unlisted Securities Market. Associated Nursing owns and operates 10 homes with about 500 registered beds.

Sheltered housing issues proved popular until the Bud-get. Obviously, Chancery is hoping that the joint carrots of tax relief and an opportunity to invest in the growing shel-tered honsing sector will-entice investors to fork out at least £1,000 for shares in an improven section of the domestic property market.

Heather Farmbrough

## A flurry of fixed rates

AS THE expected bout of mortgage rates rises took hold at the end of last week, a flurry of fixed rate mortgages appeared on the market.

Halifax and Abbey National, the two largest mortgage lenders, confirmed expectations by announcing new mortgage rates of 13.5 per cent. This rate had already been selected by the Woolwich and is now likely to provide the benchmark against which other societies measure their rate rises.

Barclays has chosen a new rate of 13.75 per cent.
Although this appears higher than the societies, it has a different method of charging and a better comparison is provided by the respective APRs (or annualised percentage rates — the true rates paid by borrowers, taking into account the timing of capital repayments and fees).

The new APRs are: Barclays 14.5 per cent, Halifax and Abbey 14.7 per cent, and Woolwich and NatWest 14.8 per

Both Abbey and Halifax have lower rates for borrowers with large mortgages. Abbey is holding the rate to 12.95 per cent for mortgages of over £60,000 - actually a fraction below base rate.

Halifax, on the other hand, will apply a rate of 13.2 per cent to mortgages over £60,000 and 13.0 per cent to those of more than £100,000. The main fixed rate schemes

unched are:

\* NatWest is offering endowment or pension mortgages at a rate of 12.75 per cent fixed until 31 March 1991. Taking out one of these home loans, which apply only to mortgages of more than £30,000, involves an arrangement fee of £100. \* Sun Alliance bas announced a fixed rate of

12.85 per cent until 31 March 1991 for mortgages offered by its First Mortgage Securities These are commbined with a

"low-start" arrangement which allows the borrower to defer much of the interest. The borrower can opt to pay either 7.85 or 9.85 per cent interest The balance of the unpaid interest is then added to the bulk of the loan.

\* Cheltenham & Gloucester's fixed rate endowment or pen-sion mortgage is held at 12.5 per cent until 31 December

\* Halifax is offering a fixed rate scheme et 12.75 per cent, which is guaranteed for two

All of the lenders offering fixed rate schemes have allo-cated limited funds to these arrangements. "Bny now while stocks last" was the message they were promoting yesterday - though if interest rates fall later this year, being tied in at 12.75 per cent for two years may begin to look

Richard Waters

**NEXT WEEK** 

Retailers hold centre stage ESCALATING interest rates, The Burton group has its

emerges as company results

Retail analysts expect to learn something after agonis-ing silences in the run-up to Christmas and the New Year sales. By the end of the week, they should be able to see what fiair, or niche retailing, or inexorable expansion can do in the cold world of monetary cor-

and their effect on retail mar-kets, may be a theme that Thursday, when it is expected to produce sales figures for the begin to build up again next first four months of 1988-89.

Nick Bubb, of Morgan Stanley, thinks these will show that the Debenhams department store operation, once decried as a "mature" retailing formula, will have done well; and that the group's core business, tak-ing in the various specialist chains, will have done badly,

reflecting last year's slump in women's fashion. Interim results from Dixons are due on Thursday. It leads the electricals sector of the retalling market, one that is is expected to take a consistently rising share of consumer spending in the long term. But it ran out of short-term steam more than a year ago when yupples stopped buying high-value consumer goods after the .

stock market crash. The company has been quiet on prospects since last September when Stanley Kalms, its chairman and chief executive, talked of continuing difficult trading conditions. The stock market, meanwhile, has rippled with innuendo and gossip; and analysts like Dave Stod-dart of McCaughan Dyson Capel Cure, pencilling in a half-time decline from £49.5m to £45m before tax, know they

are shooting in the dark. On Wednesday results are expected from Body Shop, the natural beauty products chain founded by Anita Roddick. Caring for the environment, for animals, for employees and for customers, Body Shop is for people who are turning "green"; there is more than market segmentation involved here, and the company seems to be transferring its customer loyalty into the stock market.

Its fans say Body Shop is likely to have done well in a sticky winter for retailing, and that it should continue to do so. They expect a 50 per cent rise in profits to £9m before tax for the year to last September, following e 74 per cent gain in





Body Shop's Anits Roddick

Wednesday also features straightforward niche retailing in the results from Sophie Mir-man's Sock Shop. In the mid-dle of 1988, people were talking about her prospects of expand-ing the chain from 100 shops to a staggering 2,000, world-wide, in the early 1990s. This was after a 76 per cent rise in firsthalf profits to £2.21m before

Now, they think the company will have fallen short of £3m (against previous guesstimates of £3.2m) for the year as a whole. However, there should still be a solid increase on the £1.83m reported at this time a year ago, and prospects for long-term expansion are thought to be sound.

Finally, interims from MFI are expected to close the week on Friday. Subject of a 2715m management buy-ont from ASDA in November 1987, MFI recently joined forces with Sir Philip Harris, the famed carpet and furniture retailer, to launch a new chain of carpet

It is very much an out-of-town retailer, and aggressively expansionist. Analysts will be interested to see how the phi-losophy holds up at this stage in the economic cycle. Major result of the week

comes from the TSB, which produces its preliminary figures next Wednesday — the first under new chairman Str. Nicholas Goodison.

The TSB used to exemplify retail banking and remains keenly-competitive in the sector, in November, when Lloyds took a marketing initiative by offering an interest-hearing. offering an interest-bearing current account, the TSB responded in a matter of hours with the promise of e similar

However, retail banking is not what it was. Banks used to respond beautifully to interest rate rises, in what was called the "endowment effect." This involved increasing interest rates on the loans they had made, paying nothing on current accounts held by the man in the street, and pocketing the difference in the shape of ing profits. These days, according to

Vernon Madge of Sheppards, the big banks get only 20 per cent or so of their funds from non-interest-bearing current accounts; so the initiative by Lloyds will trouble the sector ess than the layman might have expected. Furthermore, the "endow-

less to the TSB than to the other majors. As a savings bank, Madge says, it has inclined to investment in gilt-edged stocks which, lately, have delivered less exciting returns than the loans market. He expects the bank to deliver a rise in profits to perhaps f430m, against £379m in 1936-87; but he concedes that the new, "embedded value" method of accounting for life

profits could produce some distortions. Other names due next week include Tomkins (interims, Monday), TVS Entertainment results on Tuesday, and the half-year from chartered surveyor Debenham, Tewson &

Chinnocks on Thursday.

William Cochrane scrip is

R	BULTS DU				
		Dividend (p)*			
Company	Aminocompand	Int.	Finel	This ye	
FINAL DIVIDENDS		10 ma	E MANES		
Abbey Panels Investments	Tuesday	1.2	1.2	12	
AMERICAN HORIBON	Tuesday		0.73	•	
Associated Newspapers Hidge	. Wednesday	2.0	5.2	2.2	
Body Shop international	. Wednesday	1.2	. 0.8	0.9	
Countryside Properties	· I COGOTA	0.00	1.28	1.0	
Daily Mail & General Tet	Thursday	21.0	Q.8h	22.0	
Dewtrurst	Thursday	0.47	0.94	0.58	
Economic Forestry Group	Wednesday	1.2	1.7	1.2	
Gardiner Group	Thursday		<b>**</b> *	0.2	
Greenwich Resources	Friday	•	•	•	
Horse Robert Group	Wednesday	2.0	5.0	2.5	
Kunick	Tuesday	-	0.4	. •	
Macarthy	Thursday	4.5	7.0	4.5	
M&G Dual Trust	. Wednesday	17.56	20.25	20.2	
Nactronics Technology	Thursday	•	1.2	0.8	
Sock Shop International	. Wednesday	-	0.8	1.0	
Southern Business Group	Wednesday	1.7	2.8	22	
TSB Group	Wednesday	1.17	2.96	2.68	
TVS Entertalament	Tuesday	3.5	9.0	4.0	
Whoway	. Tuesday	0.15	0.5	0.5	
NTERM DIVIDENDS					
Abboy	Thursday	2.2	3.6		
Astra Holdings	Thursday	0.3	0.0	- 2	
Banks Sidney C		21	4.0	- :	
Berbour Index	Wednesday		3.5		
Bespak	Wednesday	2.0	3.0		
Cantora	Tuesday	0.7	1.6	Ξ	
Cantors	Monday		3.5		
Coletax & Fowler Group	Tuenday		5.0		
Coletax & Fowier Group Debenham Tewson & Chinnocks	Tuesday	3.75	3.5	, I	
Otxons Group	Thursday	1.3	3.0	-	
Douglas Robert M Holdings	Thursday	1.5	2.9	- 5	
ills & Everand	Monday	1.9	2.7		
ricst Technology	Thursday	17	3.3	-	
Fleming Overseas Invest Tst	. Tuesday	1.0	1.7		
fociare	Tuesday				
lowden Group	Tuneday	1.3	26	_	
nvestment Company	Wednesday	0.22	0.4	Ξ	
iones Stroud Holdings	Trursday	2.0	4.0		
Cinasaranae	. Thursday	0.7	0.7	· . 2 ·	
Jarkheeth Securities	Wadanaday	1,0	2.5		
VIL Holdings	Monday	0.8	1.7		
Vobo Groun	Thursday	1.8	3.5		
Real Time Control	Tuesday		2.0		
beed & Simpson	Tuesday	1.4	3.2		
omidne furnbuil Scott Holdings.	Monday	1.3	3.1		
Turnibuti Scott Holdings	Thursday	12	3.2		
Vestpon) investment 7mst	Transfer	0.6	1.4		
Nyko Group	Tuesday	1.1	1.6	-	
Zetters Group	Wednesday	1.5	4.5		

	Quoted	Compounded return for tempeyers at		Frequency	Tax	Amount	
	rate %	25%	40%	peyment.	(nee)	invented.	(daya)
CLEARING BANK"	_						
Deposit account	4.50	4.60	3.68	monthly			
High interest chaque	7.60	7.90	6.32	monthly	- 1	4 600 4 000	0-7
High interest cheque	8.00	8.30	8.64	monthly	1	1,000-4,999	<b>a</b>
High interest cheque		8.70	6.96	monthly	1	5,000-8,000	C,
High interest cheque	8.80	9.20	7.36	mounty	1	10,000-49,869 50,000	0
BUILDING SOCIETY!						30,000	
Ordinary share	6.00						
LEST Internal Person		6.09	4.87	helf-yearly	1	1-250,000	0
High Interest access	8.00	8.00	6.40	yearly	1 '	500	Ò
High Interest access	8.25	8.25	6.60	yearty	1	2.000	ŏ
High Interest access		8.75	7.00	yearly	1	5.000	
High Interest access		9.00	7.20	yearly	.1.	10,000	ŏ
90-day	9.05	9.25	7.40	nair yearly	1	500-9-999	90
90-day	9.50	6.73	7.78	half yearty	i	10,000-24,999	90
90-day	10.00	10.25	8.20	half yearly	i	25,000	98
NATIONAL SAVINGS							
Investment account	10.00	7.50	6.00	yearly	•		
Income bonds	10.75	8.47	8.78	monthly	2	5-100,000	30
Deposit bond	10.75	8.06	e.45	yearly	2.	2,000-100,000	90
34th lesuel	7.50	7.50	7.50	not apolica	2	100-100,000	90
Yearly plan	7.50	7.50	7.50	not applica	3	25-1,000	8 .
General extension	5.01	5.01	5.01	not applica	3	20-200/month	14
MONEY MARKET ACCOUNT						<u> </u>	
Schroder Wagg	8.63	6.98	7.10	monthly	_		
Provincial Bank	9.60	10.00	8.00	monthly	1	2,500 1,000	0
UK GOVERNMENT STOCKS				<del></del> -			
5pc Treesury 1986-89	10.94	9.64	e.86	half yearly			
8pc Tressury 1992	10.99	8.89	7.62	half yearly	7	. •	Q
10.25pc Exchequer 1995	10.51	7.93	6.38	half yearly	7	<u>-</u>	. 0
3pc Treasury 1990	10,06	8.26	8.78	half yearly	- 2	_	0
Spc Treesury 1992	e.te	8.27	7.77	half yearly	2	-	
Index-linked 2oc199255	8.79	8.28	7.97	half yearly	2/4	. <del>"</del>	C .
month of the sands were				MANUA LANGELLA	2/4	-	0 .

"Lloyds Bank. Halifax 90-day, immediate access for balances over £5,000.0 Special tacility for extra £5,000 \$Source: Phillips and Drew, \$\$Assumes 5.0 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross, S Tax free, 4 Dividends paid after deduction of basic rate tax.

# **GLOBAL ASSET** MANAGEMENT

GAM has been ranked first in the Micropal survey of UK unit trust management groups for the relative performance of its unit trusts for calendar 1988.

	Growth 1988	Compound Annual Growth Since Inception	Inception Date
GAM Sterling & International	+28.8%	+25.1%	Jan. 1984
GAM North America	+12.1%	+5.6%	Jan. 1985
GAM Far East	+37.3%	+10.6%	Jan. 1987
GAM UK Special	+15.8%	+14.1%	Mar. 1987

For further information please contact: Giles Conway-Gordon, GAM Sterling Management Limited, GAM House, 12 St James's Place, London SW1A 1NX. Tel: 01-493 9990.

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war it stated the state of the

SHARE OPTION schemes have mushroomed in recent years and are usually the best - if and are usually the best — if not only — opportunity for directors and other senior executives to derive a substantial capital sum from their employment. Understandably enough, expatriates do not want to miss out on the action. But the tax rules applying to share incentives are highly complex, and expatriates may need to pursue rather different strategies from their UK counterparts. 

their UK counterparis.

The basic comespi of a slave option scheme is relatively, straightforward Employees are given the "option" to buy shares in their company in the future at a price fixed when the option is first granted ausually the market value of the shares at that date. If the share price rises during the option period, the amployee will "exercise" his option — that is, buy the shares to which he is entitled. If the price falls, he can simply allow the option to

A UK resident who exercises a share option will be subject to an immediate income tax charge, on the amount by which the value of the option shares on the exercise date exceeds the price payable for them under the option.

Suppose, for example, that Mr UK has an option to acquire 10,000 shares in his

employing company at a sub-scription price of £1 each and that he exercises the option when the price stands at £1.75. He will pay income tax on £7,500 (£17,500 less £10,000). If a UK executive exercises his option and sells the shares immediately, his tax obligations will be covered fully by this income tax payment. But if he holds on to the shares, then any further increase in their value will be subject to capital gains tax when, ulti-mately, they are sold. So, if Mr. UK were to sell out when the share price had risen to \$2, he would be landed with a capital gains tax bill on a gain of £2,500 (£20,000 less £17,500)...... In share options - as in most other areas of tax law -

CAMBRIAN & General, once an investment vehicle of dis-graced US arbitrageur Ivan. Boesky, staged a remarkable recovery last year, according

the fund was marked down with a hefty discount to net asset value in 1987. But last year it jumped back to being the third best-performing

investment trust. The second best-performing C&G was possed by being trust over the year was Can-

MURDER by Kasparov, Karpov

& Co is not an offbest thriller but the title of a newly-issued

collection of 65 of the best games from the recent class olympics in Greece. The book-

let is available at 23.95

post-free from Tournament: Chess, 167 Jerningham Road, London SE14, and has some harsh comments on the organi-

sation of the mammoth event,

which included 107 men's and 56 women's teams.
Thessalonika previously hosted the olympics of 1984

and, under an agreement with the International Chess Federa-

tion (FIDE), it also has the first option for 1992 and 1996 for the biennial competition. When the

olympics were confined largely

to European nations, finding a sponsor city was never difficult; but soaring costs have limited the candidates and led

limited the candidates and led-to growing complaints among participants of poor conditions. Dubai in 1966 and Lucerne in 1982 matched the olympic ideal; hat at Malta 1980 the hotel facilities were over-stretched, and at Busnos Aires

stretched, and at Buanos Aires.
1978 the grandmasters had to
play within earabot of an army
firing range and the airport.

According to the new booklet, the organisers at Thessalonika 1968 subsided gradually
under the weight of so many
entrants counied with budgetary restraints. A blitz bournement of five-minute games on
the vest day should have taken

the rest day should have taken 90 minutes for the actual play, but actually lasted from 4.30 till well after midnight. There-were only five demonstration,

were only live demonstration boards for 296 games, while the tournament bulletins — which traditionally, publish every game played — were shortened drastically.

The obvious remedies are

seeding, regional qualifiers and, thus, a smaller and more manageable event; but FIDE politics run on one nation, one vote and, for the smaller countries the character are the countries.

tries, the olympics are the only concrete return for their

Final statistics of individual

performance at Thessalonika highlight the startling result of 12-year-old Judit Polgar, whose total of 12-1/13 was not only the best percentage but also

gave her a rating performance of 2,694 which was bettered among the men only by Kasparov, Karpov and Portisch. This achievement enabled Hungary to break the USSR's monopoly

of the women's gold medals and also convinced yet more observers that Polgar is likely

to become a serious rival to
Kasparov in the mid-1990s.
Here is one of her best games.
White: Judit Polgar (Hun-

Chess

**EXPATRIATES** 

### Why exercise is important



the position of the expetriate is more favourable. The crucial concession is that the exercise of an option is taxable only if the executive was resident in the UK at the date on which the option was granted. Hence, if an individual is resident abroad when first he obtains his option, he will escape income tax on exercise even if he has by then returned to the

This does not, however, mean that a returnee will escape the clutches of the UK taxman completely. If he is still resident when he sells the shares, he will have to pay CGT on his gain; and since he will have paid no income tax on exercise, the CGT bill will cover his whole gains and not merely the increased value

since exercise.

This can be illustrated by considering the case of Mr NUK who is given the same option as Mr UK and exercises and sells on the same dates and at the same prices. Hecause Mr NUK was non-resi-

dent at the grant date, he will avoid Mr UK's £7,500 tax liability on exercise. But Mr NUK's luck will run out if he is back

luck will run out if he is back in Britain when he sells his shares. As against Mr UK's £2,500 gain, Mr NUK will be assessed to CGT on a £10,000 profit (£20,000 less £10,000).

With income tax and CGT now charged at the same rate, it might appear that Mr NUK has had no benefit at all from taking up his oution abroad. taking up his option abroad. But that would be too sweep-ing a conclusion. Although tax rates have been merged, there are still some advantages to paying CGT rather than income tax, in particular the availability of the £5,000 annual CGT exemption.

In addition, Mr NUK does have the cash-flow advantage of being able to defer his tax payment until he actually sells the shares.

In any event, the example has assumed that Mr NUK will still be living in Britain when he sella his shares. A globetrotting executive could well

be able to arrange to be abroad again by the time he sells up. If this is possible, then he will have succeeded in paying no

tax at all on his share profits. What about the converse case - of an option-holder who is resident at the date of grant but non-resident at the date of exercise? Since the determining date is the grant date, such a person would, theoretically, be subject to income tax on

exercise.

However, the Revenue says that where the individual "has ceased to be resident in the UK ceased to be resident in the UK at the time he exercises the option, the question of a charge will not normally arise." Although the significance of "normally" is not entirely clear, it seems that the Revenue might look for the tax if the individual holds on to a UK directorship, or if it believes his main reason for emigrating was to try to avoid emigrating was to try to avoid being taxed on the option.

The only protection for an executive who is not content to rely on the Revenue's good grace is to take up his option under a Revenue-approved option scheme. Participants in an approved scheme avoid income tax when they exercise their options, provided the exercise occurs between the third and 10th anniversaries of

the date of grant.

An expatriate who joins an approved scheme will have to comply with a range of staintory rules, none of which apply to non-approved schemes - and one such rule can be considerably more restrictive for expatriates than for their UK

colleagues.

Nobody can be granted an approved option over shares costing more than £100,000 or four times his salary. But sal-ary is defined only to include payments made through the UK PAYE system. So, however large his pay packet, a non-resident will be limited to a £100,000 option.

David Cohen ☐ David Cohen is a partner in the London law firm of Pais-ner & Co.

Shares (second worst) and Pre-

Over a five-year period, the

cions Metals (third worst).

#### will each have an allowance of £5,000 to offset against capital gains tax. Our investments are in joint names. 1. Will this cause any complications? If we exceed £10,000 profit, can 1 just deduct that sum from our joint

2. Would you advise that, in future, we invest in individual

3. Would you consider it advisable to transfer some holdings from joint to single

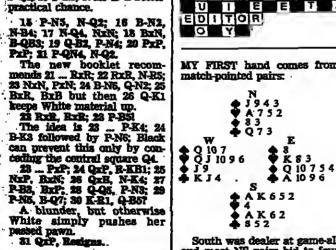
rames?

E First of all, the exempt amount will not necessarily be as high as the present £5,000. We take it that, in your past tax returns, you have entered half the income from joint holdings under "self" and the other half under "wife" and that similarly you have made that, similarly, you have made separate calculations of the chargeable gains and allowable losses in respect of your wife's half interest in each joint holding which has been disposed of.

H, on the other hand, you H, on the other hand, you have treated the joint holdings as entirely your own in your tax returns, your tax inspector might continue this treatment indefinitely. The Financial Secretary has made it clear, in the Finance Bill debate, that the Revenue will take a firm line on nominal registration of assets in a wife's name where the husband maintains de facto proceeds of sale, or both.

### A weeping water tank

I BOUGHT my present property about five years ago from the builders after they had finished its construction and that of other similar houses in the close. They gave me the normal National House **Building Council agreement.** Earlier this summer, the hot water tank began to weep and had to be replaced. The plumber who carried out the work confirmed my belief that hot water cylinders should last near 20 years. However, the builders have denied any lia-bility, excusing themselves on the ground that the NHBC cov-ers central heating boilers and electrical installations with moving parts for only 12 months. Have I any redress against the builders?



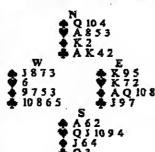
Now the declarer switched to diamonds, cashing ace and king and following with the two. When West threw a heart, dummy ruffed, and another heart was ruffed in hand. This left a five-card ending. West held spade queen, heart knave and three clubs. Dummy had made heavy heart spade and three clubs.

North's raise to four hearts concluded the auction.

queen and four clubs while South had spade six, diamond six and three clubs.

South, with eight tricks in the bag, now played his diamond and West was in big trouble. To ruff this with his queen was falal, so he threw his heart knave. This, however, did not help for, after ruffing with dummy's spade knave, the declarer returned the heart seven. seven, now a winner, and threw a losing club. West ruffed, but South's six of

The key play is the heart raff at the second trick. If South cashes are and king of spades (and this is essential) at tricks two and three, the tim-ing is upset and he will fail to score his last trump by ruffing. We turn to rubber bridge:



The opening lead was the diamond three - West wanted

to give his partner the count. East cashed queen and ace and played a third diamond, hoping West had the knave, but South won, throwing the spade four from the table.

South now ran his heart queen although he was sure it would lose. East returned a trump to dummy's ace. The only hope was a spade-club squeeze against West.

West could not hold the king west could not hold the king of spades but he might have the knave. South led dummy's spade queen. East covered with the king and the ace won. The spade menace had been transferred from East to West. Now, if West held four clubs as well as the spade knave, the spaces was on squeeze was on.

Drawing the last trump with brawing the last trump with his knave, the declarer cashed one more trump, which left a five-card ending. West held spade knave and four clubs, dummy held the 10 of spades and his four clubs, while South held two spades, a heart and the queen, and the three of clubs. When declarer played clubs. When declarer played his last heart, West was under pressure that he could not withstand. A spade discard sets up dummy's 10, a club con-cedes four tricks in the suit.

Note the transfer of the spade menace. South knows from the bidding that West cannot hold the spade king.

E. P. C. Cotter

### Rent-free pitfalls

MY WIFE and I are about to buy a house for occupation rent-free by her 65-year-old hrother and his wife (referred-to below as B & W), who will shortly be returning to England to retire after working in Holland for 10 years. Their spell abroad has been a disaster financially, so they have virtually no capital and could not buy a home for themselves. Their children (who are adults) are unable to

B & W will have a reasonable income from pensions.
Our totention is that they will pay the rates and water rates and will maintain the house,

Investment

I UNDERSTAND that in

1990-91 both husband and wife

advice

but they will pay no rent. My wife and I will pay the premi-ams for insuring the building. We intend that B & W (and the survivor when one of them dies) should live in the house for as long as they wish, sub-ject only to there being no catastrophe in our own finances which would require

All this will be well-understood by all four of us at the start. However, the arrangement may last for many years, so we think there must be an agreement in writing in case one or more of us becomes for-getful or confused as the years

The house will be owned jointly by my wife and myself. There will be no mortgage. To cover the possibility that B & W (or one of them) will out-W (or one of them) will outlive both of us, my wife and I will make new wills, Mine will leave the house to B & W if my wife dies before me, and hers will leave it to them if I die before her. We have no children ourselves.

Possible pitfalls which we are anxious to avoid are:

ere anxious to avoid are: 1. Acquisition by B & W of security of tenere under the Rent Acts, etc, which would make it difficult for us to real-ise our capital in extremis. We have in mind that a housing

If the only limitation to 12 months in the NHBC agree-

ment is in the words you quote, you might still be able to claim if your water cylinder

does not act as a central heat-ing boiler as well. It is, how-ever, likely that all water-heat-

ing apparatus is restricted to the shorter term: you must examine the agreement care-

**Houses** that

AM SURE many people will

he experiencing our problem
overhanging tree branches
with the potential to damage
roofs and fabric. Where we
stay, there is a church with an
old burial ground and many
trees. In parts, the trees are
taller than the row of terraced
houses and overhang the
roofs. As the houses have

roofs. As the houses have

wooden gutterings, this seems an ideal area for seedlings to start sprouting. What can we do to make the church vestry have the trees pruned? In From what you describe, the

overhanging trees clearly constitute a nuisance (this is the term used commonly in Scot-

land to denote an infringement

of your right to the comfort-able enjoyment of your prop-erty). The law of nulsance is

and you can ask the courts for

ilgned to protect this right

an order requiring the owner of the trees (in this case, the church vestry) to lop and of a gift of money?

go to seed

us to realise the capital authority might claim that B invested in the house. & W had made themselves homeless voluntarily if they moved out without a court order, and that a court could not grant such an order if they had security of tenure. 2. Acquisition of security of tenure by any of their children

(or anyone else) who might go to live with them — eg, during a last illness. While we are happy to help my brother-in-law and his wife, who are in genuine difficulty, we do not want this to lead to our having to subsidise any possi-

Can these pitfells be avoided, please? If so, how? It has been suggested to me that an agreement contained in an exchange of letters would be ss likely to imply a tenancy than an agreement set out in a more formal document. Is this

We are aware that, since last year's Budget, any capital gain we might make on the

prime them at its own expense

in an alleged nuisance, tha

court will approach the matter from the standpoint of the vic-tim of the inconvenience

rather than that of the alleged

Alternatively, you and your neighbours are free to lop off

any branches which overhang your property. The ownership

of your property. The ownersmp of your property includes the air space above it and, accord-ingly, you can remove any object which encreaches into that air space. You should note, however, that any

branches (and any fruit on them) belong to the owner of the trees and should be

returned to them - whether

they want them or not. Your letter does not indicate

if you have already approached the owner of the trees but we would recommend that you

approach the vestry and try to

resolve the matter amicably rather than by court action which would incur expense

I HOPE to sell a vehicle which

l bought in 1956 for £400. 1 am

told it is now worth £8,000-210,000. How would the Inland Reverue be likely to look on the profit? If tax has to be paid on it, what rules would be applied? Would it be possible

to spread it over several years, as I believe is done in the case

and take time.

old car

Profit on

offender.



house will not be exempt from CGT. If B & W need to move to a different house or flat as they get older, and we therefore sell one property and buy another for them, could the capital gain be "rolled over" from the property we sell to the property we buy?

There will be no security of tenure under the Rent Act 1977 provided no rent is payable and that none is actually paid, either by B & W or by anyone who comes in to help them.

The agreement should be expressed to be a licence and should prohibit any letting, sharing or licencing to anyone other than B & W.

■ The answer depends upon whether the answer to either of the following questions is

1. Is it a mechanically-propelled road vehicle constructed or adapted for the carriage of passengers, of a type used com-monly as a private vehicle and suitable to be so used?

2. On the day on which you sell it (i.e. the day of the sale contract) will it have a predictable useful life of less than 18,263 days, having regard to the purpose for which you acquired it?

If the answer to either (or both) of these questions is Yes, there will be no capital gains tax to pay.

If the answer to both questions is No, you should have the vehicle valued professionthe vehicle valued professionally as at March 31, 1982. The chargeable gain will be calculated by indexing the March 31, 1982, value up to the month of the sale contract, adding to that indexed figure the cost of the March 31, 1982, valuation and subtracting the total from the per proceeds of sale. The the net proceeds of sale. The CGT would be payable on December 1, 1989.

Because the vehicle was acquired before April 6, 1965, there are two other ways of calculating the chargeable gain, if either would produce a smaller tax bill than the one outlined above. We can explain this if need be, but we shall need (i) an estimate of the value of the vehicle as at April 6, 1965 and (ii) the precise date of purchase in 1956.

10.00/0 gross	General Portfolio	"Symbolicat gross rice for hance may empryors, red details of these excession to the provided on General Portfolio Life Insusance PLC General Portfolio Bouge Barlow, Deser, Califo 20W Rd: 0279 6262	r todoring
13.53% gross*	13.86% gross*	12.86%	11.86% gross*
10.15 % (net	10.4 % (net pa)	9.65% (net p.a.)	8.9% (netipa)
MAXIMUM INCOME ACCOUNT SERIES I VARIABLE RATE Applicable to existing accountholders	SEI VARIA Applicable to new su 3 YEAR TERM SHARE	COME ACCOUNT RES II BLE RATE and existing accomptholders 2 YEAR TERM SHARE (minimum investment \$1,000)	PREMIUM SHARE ACCOUNT VARIABLE RATE Applieable to existing accountholders

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1. 日 · 日本日日 知日於時間 改五 TANK Trust Companies. Bratter Fande

to the latest performance fig-ures issued by Micropal and the Association of Investment. Following Boesky's arrest,

### **Bouncing back**

and also benefitted from a reasonably good performance by the US stock market. Top-performing investment

of 89 per cent in Seoul.

Black: Diane Savereide (US). Sicilian Defence (olympics

1 P-K4, P-QB4; 2 N-KB3, P-K5; 3 P-Q4, PxP; 4 NxP, N-KB3; 5 N-QB3, P-Q3; 6 B-K2, B-K2; 7 O-O, N-B3; 8 B-K3, O-O; 9 P-B4, B-Q2; 10 N-N3.

The Maroczy system, named appropriately for this gama after the first great Hungarian player. White avoids exchange of knights and restrains. Black's pawns by P-QR4 before starting a king's side attack. If White instead plays K-R1 to remove the king from a dangerous diagonal, then P-QR3; 11 Q-K1, P-QN4; 12 P-QR3, Q-N1 and P-N5 gives counterplay.

and P-N5 gives counterplay. 10 ... P-QBS; 11 P-QB4, P-QN3; 12 B-B3, Q-B2; 13 Q-B2, ER-Q1; 14 P-N4, B-K1.

The pawn sacrifice 14 ... P-Q4: 15 P-K5, N-K5 is a better practical chance.

endgame study by A. Hilde-brand (The Problemist, 1988).

At first glance this is a very drawn diagram, with level material in a simplified position. White can win a rook by 1 RxR, but Black regains it at once by B-K3 ch and BxR. The

solution has a surprise twist at

Solution Page XV

trust during 1988 was Korea Burope, the share price of which rose by 106.95 per cent compared with a market rise the key here.

worst performers were Murray Technology and Murray Elec-tronics, which invest largely which rose by 85.10 per cent. The £25m fund was estab-lished in 1984 and specialises in unquoted companies in these sectors. in management buy-outs and other development capital opportunities. Good share selection seems to have been On a five-year view, the best

ton, Lancs; Mr R.N. Haygarth,

London SW19; Mr J. Lawrence, Leeds; Mr R. Pett, Wimborne, Dorset; Alan and Mary Stripp,

Linton, Cambridge; Mr H.C.

performing trust was Capital Gearing, followed by Jove cap-ital and Danae capital. Prop-Less happily, 1988 was a bad year for Scottish National Capital (worst performer, losing 44.44 per cent), Property where it ranks 21st.

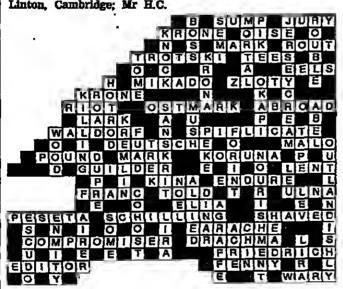
erty shares, one of this year's poorest performers, looks much better over five years

Heather Farmbrough **CHRISTMAS CROSSWORD SOLUTION AND WINNERS** Dr J.A. Brydon, Warlingham, Thomas, Finham, Coventry, Mr

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MY FIRST hand comes from match-pointed pairs:

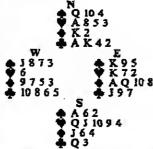
jumped to four spades. West led the heart queen and

declarer considered the position. Seeing that he was almost certain to lose three tricks in clubs, South decided on a cross-ruff. Taking the heart queen with dummy's ace, he at more ruffed a heart in hand once ruffed a heart in hand and cashed the ace and king of spades, East discarding a heart on the second round.

South was dealer at game-all and most NS pairs bid to four spades, but several of the Southa failed to make the contract. At one table, the bidding and play were excellent. South started with one spade, North raised to two and South made a trial bid of three diamonds. Encouraged by this, North

Leonard Barden spade knave, heart seven and three clubs, East had diamond

spades provided the vital 10th trick.



With EW vulnerable, East dealt and opened with one dia-mond. South over-called with

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#### PROPERTY

# Timeshare aims to polish its image

industry had a bad year in 1988, although largely of its own making. But the British sector is hopeful that the lessons learnt will help it to establish a more acceptable image in 1989. Barratt, Britain's largest timeshare company with six projects in the UK and three on Spain's Costa del Sol, is carrying out a "new broom" exer-cise. John Swanson, who has just taken over as chairman of the whole group from Sir Lawrie Barratt, is overseeing major changes in its timeshare

operation. The name has been altered from Multi-Ownership & Hotels to Barratt International Resorts (BIR). The company has a new managing director, Doug Eaton, and a new address: Consort House, Con-sort Way, Horley, Surrey, Gone are the hard-sell mail shots that used to be sent out to tempt buyers. Gone, too, are the ersatz mink coats offered as batt and the American sales

Eaton feels the next move is to bring the company's older resorts up to standard, so it is spending £10m refurbishing and updating. After all, its project at Loch Rannoch in Scotland - Britain's first time-share resort, now sold out completely to 4,000 owners - was

tarted back in 1975. Not that the £10m will be new money; it will be cash put aside for this purpose from management charges. But, says Eaton, there are some firms which prefer to hold on to this fund rather than spend it on the properties.

The new style Barratt is about to offer the over-60s win-ter periods of from one to three months at its Spanish resorts at "attractive prices." This might be 20 per cent less than if the weeks were bought indi-

The Timeshare Developers' Association (TDA), formed in 01-850 0771 Britain a year ago to combat the industry's problems of pub-lic distrust and dislike of its sales methods, is having some success. About 30 UK develop-ers have joined (annual subscription from £5,500 to £16,500) and agree to its code of con-duct, which includes a cool-ing-off period.

But Consumer Affairs minis-ter Eric Forth told a recent TDA seminar that while a lot had been achieved in a short time to clean up the industry, the Government wanted stan-dards to be raised. It looked to the TDA to sharpen its code and ensure that members com-

Some TDA members still charge a cancellation fee. Its chairman, Graham Williams, would like that ended and he wonders, too, if it should consider a system of monitoring members' activities on site. However, he points out that the association is bringing in new members gradually, and says this is the key to making self-regulation work.

In its first year, the TDA received 5,000 "enquiries" from the public. Of these, 313 were complaints - 156 against mem-

Industry plans shake-up after a bad year, says Audrey Powell

bers, the balance against non-members. Williams says all but six have been cleared up. Most of the enquiries were just that - people seeking advice or information. The TDA is at 23 Buckingham Gate, London SW1E 6LB (tel. 01-821-8845).

More that 140,000 UK families have timeshare property and head the list of European owners, representing 70 per cent of that market, In Britain, the tendency is for timeshare projects to grow up in or around white elephant country houses. Overseas, the emphasis is on modern developments or schemes that take in unsold portions of existing apartment

Two examples in the UK from opposite ends of the nation, follow the country house line. At the Kenmore Cinh on Loch Tay in Per-thshire, Scotland, 30 houses are being built in a garden of Taymouth castle — quaint white buildings with black tim-her belowies conving those in ber balconies, copying those in a model village on the estate.

The whole upper floor is a

spacious living area, looking out at the 16-mile loch. Below

bathrooms, with spa baths. A clubhouse/leisure centre is being built overhanging the loch. It costs £3,500 to £13,500 for a week's annual use, in perpetuity and pets are welcome.
The developer is Elliott Property and details are available from the Kenmore Club, Ken-

more, Perthshire PH15 2HH (tel 08878-555). The Cornish project is at Clowance, near Camborne, in the grounds of a smaller country mansion with a lake. Here, more than 100 A-frame properties, with a similar feeling of interior height, are to be built. There are one to four-bedroom types and prices for "weeks" range from £2,500 to £8,740. A leisure centre with swimming pool, sports facilities and res-taurant has just been com-

Costain has a majority interest and details can be obtained from Clowance House, Praze hie Camborne, Cornwall

TR14 OPT (tel. 0209-831-111). Another similarity between these two schemes is that both have aimed to do something for the community. Kenmore is 20 miles from Pitlochry, and in 1987 and 1988 it sponsored the Pitlochry Festival Theatre. Clowance had a different

idea. This development was started by a private company and had private trustees rather than, say, a bank -who wrote into the rules that 1 per cent of the annual mainte nance charges should go to local charities. They know of no other timeshare scheme

where this has been done.
Exchange networks play an important part in timeshare.
Few people would want to holiday always in the same place.
Through Resort Condominiums International (RCI) or Interval International - the two principal exchange organizations - owners can swap weeks in other projects around

the world.

RCI, the larger, is US-based but its head office for Europe is in London (19 Wilton Road, SWIV 1LW, tel. 01-821-5588). It has 1,600 timeshare resorts on its register and arranges 500,000 exchanges a year. Annual membership see is \$27 if you join for three years, and the administration charge is £40 a week for an exchange.



Chalets at the Barnsdele Country Club in Leicestershire, the UK's most expensive times!

RCI operates a space-bank sys-tem under which you must first "deposit" your own week and then give a range of

nterval International (57 Mortimer Street, London WiN 7TD, tel. 01-631-1765) claims that it goes for quality as opposed to RCI's numbers. Interval awards five stars to the best projects on its register, which make up 20 per cent. It does not use the space bank system; members are asked first to choose an exchange location. Only when they have been fixed up with a satisfactory exchange do they

"deposit" their week. Interval's list of 500 timeshare resorts world-wide includes the new Barnsdale Country Club on Rutland Water, Leicestershire, the UK's most expensive timeshare. Apartments range up to £17,000 for annual weeks for 40 years. Information from Barnsdale, Exton nr Oakham, Rutland, Leicestershire LE15 8AB (tal.

0572-57901). If you prefer an overseas location, Interval has the Four Seasons Country Club project in the gardens of the Don Carlos hotel, Marbella, Spain. This is an example of part of a whole ownership development (Las Golondrinos) being taken over for timesharing, although new apartments will also be

built in this joint venture between McInemey Properties and the Don Carlos.

Here, the properties can be timeshared for selected peri-ods; this is termed "flexible developer calls it "designer timeshare." A typical price could be £22,480 for four annual weeks in perpetuity. Four Seasons' London address is 43 Harwood Road, SW6 2QP (tel. 01-736-0060). McInerney already had two Four Seasons projects in Portugal's Algarve, one with Interval'a five-star

In the past, it has been mostly the British who have brought timeshares in Portugal. Now, the Portuguese them-selves have come into the market. But they are huying through banks because, if they leave their "weeks" with a bank for letting, they may get up to 17 per cent.
The Banco Totta & Acores

says timeshare weeks at Oura-hotel, at Praia da Oura near Alhufeira, can be bought through any of its branches in Portugal for between £2,000 and £7,000. If an annual week is left with the bank for letting for three years, this bank will guarantee the owner 16 per cent for the first year and 15 per cent in the two subsequent years. After, that the "week" reverts to the owner. UK infor-mation from the bank's branch

at 68 Cannon Street, London

COUNTRY PROPERTY

EC4N 6AQ (tel. 01-236-1515, and for Miss T. de Souza). Word has it that more than 5,000 people have bought timeshare through banks in Portugal recently.

What is the future of timewhat is the notife the URY.
One school says that while timeshare belonged to North.
America in the 1980s, it will. come to Europe in earnest in the 1990s. Another view is that of Edinburgh-based manage-ment consultant David Mcin. tyre, of Arthur Young's Let-sure & Tourism Group, who es its future as "more blenk that buoyant."

Mcintyre says timesbare has been bought in Britain by peo-ple who are relatively wall of and middle aged — a small market — but by only some of those. It would need to reach a far larger market to prosper. He suggests the answer for the encourage sales of UK time-share to overseas buyers, in the way that UK tourism relied so much on overseas visitors.

To do this, the industry should develop a full-scale classification and grading system. The idea clearly has European implications, which might attract EEC money and ultimately could have international application," Mcintyre adds. Why didn't the British seize the initiative by abaping such a scheme?

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#### PROPERTY/MOTORING

### 1989: a year for bargain-hunting

John Brennan on investment in the residential letting market

MINTE HAVE BY

WHEN MONEY costs over 13 per cent and renter fictions can, at best, he argistral to average only 7.5 per cent to 8 per cent, it takes a brave investor to look twice at the residential letting market.

When you could include 20 per cent or more capital appreciation in the equation, the idea of horrowing into the rental market had evident appeal. Now, property prices are forecast to rise into 1966 from zero to 5 or 6 per cent, are rerected to the new them from zero to 5 or 6 per cent, and a farther increase in interest rates is on the partia. The simple attituence that drew several thousand investment, buyers into the London fishs, market over the

past few years does not seem to add up anymore.
Yet, Harold Phillips, of rental specialist Phillips, Kay & Lewis (PKL), is a buyer at a price. "It's very easy to get people to buy at the wrong time and to sell at the wrong time." says Phillips. He time," says Phillips. He believes that, as a result, 1989 will be a year for bargain hunting as over-borrowed investors lose their nerve in a thin market.

"The rental market as a whole is very slack. We look at all the agents' lists and, whatever they say, there is an enormous amount of property that is sticking." He calculates that occupancy rates across London's rental rates across Longer's renai stock are down from 95 per cent to perhaps 75 per cent, with tough bacgaining on rental levels by occupiers. — whose choice of properties is increasing as the developers, complete flat schemes started between 18 months and two between 18 months and two

years ago. In his view, the rental flats most at risk of voids are the off-centre properties that ful in a tight market but are only a second choice if space is available in more internationally fashionable

areas of west-central London. Other problem thats are those where an investor has over spent on decoration and fitting out and pushed up the asking rents accordingly....

STORE SEEDE

PKI, advises spending no more than \$5,000 for each habitable room in a rental flat, yet Phillips reports instances

of investors being advised to spend £10,000 or more per room and being left with a flat that could not be let out at any realistic rate of return because it would be just too expensive. He is scathing about sales agencies that have forecast high achievable ranks for flats sold off-plan.

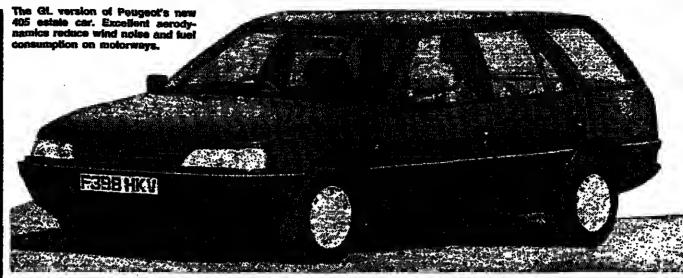
There are a lot of flats

There are a lot of flats around where people have been told they will be able to get £300 to £400 a week easily, and there's just no way they would let at that price," he says. In many cases, he doubts if people would have been able to achieve the rent levels quoted to clinch a sale even in a broyant rental scene.

in a buoyant rental scene.
So why would Phillips be advising anyone to buy in such a tough market? "There are always people who want to have a stake in British property, and investors who are content to take a two, three or four year view of the market." However, he adds: "It's not a matter of buying just anything. You could have your choice of properties right now, but most of the really good stuff has come off the market and we wouldn't advise anyone to sell now unless they absolutely had

It is the prime central properties he's keen to find — flats and houses in areas that make them rentable whatever the level of confidence in the domestic economy, and which have a strong resale appeal to local buyers. That rules out flats in big blocks where most of the properties are for rent. 'People don't want to buy to live in a block where the neighbours are changing all the time; and if most of the flats are for rent, when one person wants to sell you can be sure that everyone else

wants to at the same time."
Having long advised clients
not to borrow more than 60 per cent of the cost of a rental investment, Phillips now feels that, if the chance comes to get a prime property at a keen price, there is a case for price, there is a case for gearing-up and buying against the tide. "It is tempting to go in very high, to really go for it," he says.



### Ideal for a country gent

Stuart Marshall on the British love affair with estate cars

cars like Britons.
For us, they evoke images of well-cut tweeds, green wellies and labradors. We even call them shooting brakes. Continental European buyers (including the French who mistranslate the traditional name as break) take a more practical view. They see an estate as a halfway house between a car and a van: ideal for the owner who van hear for the owner who carries the tools of his trade during the week, his wife and children at the weekend.

I have to say that this sweep-

ing generalisation isn't as true as it used to be. BMW has introduced a very posh 3-Series estate which it calls the Tour-ing. It has a highish sill which might be awkward if you were taking an old fridge to the tip, which will not concern the buyer BMW has in mind. He is the chap who finds polo sticks woo't go in a boot very easily. Europe's best large estate car is a Mercedes 300TE, with

an on-the-road price of about £33,000 with the optional 4-MA-TIC transmission. And Lancia now has a nice looking estate version of its big Thema, though it is not yet on sale in Of all the estate cars sold in Europe, Britain buys more

than one in five. Sadly and surprisingly, we make very few of them ourselves. In the medium size class, we still have the Rover Group Montego and Ford Sierra

estates. But Vauxhall dropped

the Cavalier estate with the

O-ONE loves estate latest model change, a decision cars like Britons. some think it may come to

There are British-made small/medium estates like the Ford Escort and Vauxhall Astra. The large estate market (discounting the specialised Range Rover) has been aban-doned to imports — mainly Volvo, Vauxhall Cariton and Mercedes. That brace of old faithfuls, the Peugeot 505 and Citroen CX, is long in the tooth carrier CX, is long in the tooth and dne soon for replacement. Ford must be kicking itself for having dropped the Granada estate (and saloon) when introducing the current hatch-back. Rover has 800 hatchbac

are not, it seems, in prospect. Peugeot sees its latest 405 estate as a Sierra, Montego and Renault 21 Savanna competitor in the main. Oddly, it doesn't put the Citroen BX in the line-op of rivals though the two cars share many components, engines and transmissions included.

ks as well as saloons in produc-

tion but luxury estate versions

I would certainly match them up, if only because I owned two 305 diesel estates (the 405's predecessor) in suc-cession and replaced the last ne with a Citroen BX19RD. At the moment I am test driving a 405 GDR and if any car could persuade me to make a change from my BX19RD estate in a year or two, this is it, though the cost would need looking at. In performance, there is little to choose between them. Both have identical 1.9 litre, 70 horsepower diesels. They pull

hard at low speeds and cruise with a petrol engine's quiet-ness at the tolerated 80 mph/

128 kmh on a motorway.

Alternative power trains are common to all the BX and 405 common to all the BX and 405 estates. These are 1.6 litre, 92 horsepower and 1.9 litre, 110 horsepower carburetted petrol engines; a fuel-injected one developing 125 horsepower; and a 92 horsepower, 1.7 litre turbo-diesel. A 5-speed gearbox is standard, a 4-speed aotomatic an extra cost option with the netrol engines only.

the petrol engines only.

The 405, with steel springs, rides as well as a BX on its self-levelling suspension but you cannot hitch it up an inch or two for driving on very

Their easy-to-get-at load spaces are about the same size which means they are better than most of the competition. Both take two sets of golf clubs strapped in their trolleys with lots of room to spare. That is because neither BX nor 405 has big covers over the rear suspension units. These severely reduce load floor width in the Sierra and Montego, Savanna and Volkswagen Passat

estates. The 405 GRD costs £10,690 though there is a cheaper and mechanically no different GLD for £9,995. Least expensive 405 estate of all is the 1.6 litre petrol engined GE at £9,055. I think the GRD's interior is nicer and rather grander than my Citroen's, which does strike me as a bit plasticky, though I find the seats very comfortable. Peugeot throws in a rev. counter (which I can happily live without) and two features I would like – a tiltadjustable steering wheel and a pair of power-operated, ted exterior mirrors.

What the Peugeot does not have are electric front windows, power steering or a removable cover for the load space, all of which are part of the EX19RD package. If you add them to the 405GRD, the price goes up by £674 to £11,364. Citroen's BX19RD estate costs only £9,740. That is exceptional value for money and helps to explain two things. The BX is Britain's best selling diesel car and 60 per cent of BX estate buyers go for the diesel version.

So why pay more for a 405? It is newer, with elegant styling, whereas the BX has been around for six years and is beginning to look, shall we say, rather familiar. The PSA Group, which makes both marques, has not said as much, but I suspect it is trying to push Peugeot a little up mar-ket of Citroen. This sort of thing has been going on for years. After all, a Wolesley was really only a Morris with leather seats and ideas slightly

above its station. But back to the basics. The 405GRD is a handsome, roomy and refined 4/5 seater that feels and handles like an executive car but doubles as a van sub-stitute when it has to. Expect at least 40 mpg (7.06 l/100km) in average use, better than 46 mpg (6.14 1/100km) if you drive with an eye to economy.

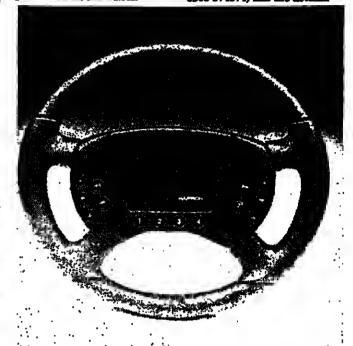
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You can get a Happich Infratech wheel now to fit a wide range of cars for about £500, though you then have to buy a Blaupunkt stereo system to match.

Happich is now working on infra-red controls for other electrical fittings such as powered sunroofs, windows and exterior mirrors. Diploma Technico, Hazell Way, Bermuda Road, Nur Warwickshire (Tel. 0203-374374) has the details.



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## Fancy footwork in the Great Jamaican Hustle

ND THEN the sheath knife appeared, glit-tering like a scimitar ahont fonr inches from my face. The knife was wielded by Joshua (we can call him that): a BP gas pump attentant on Jamaica's North Shore. I was not in any danger, for what Joshua was engross in was a masterly demonstra-tion of the Great Jamaican Hustle — the process, only sometimes painful for its vic-tims, via which so many Jamaicans seem to eke a living stinging the tourists.

It was principally my fault. Driving west from Port Antonio towards Ocho Rios, through the fields of sugar-cane, about an hour from sunset, I had stopped to fill the tank. Then I blundered badly by asking Joshua – a diminutive rascal of a man who must have been well into his sixtles whether he could repair my off-side door.

He drove the car around a corner. First he used a span-ner, but that didn't work, so out came the sheath knife, which he used to rip away the door pannel. Then he did some banging, and kicked the door quite hard, and declared him-self well satisfied. Things, in fact, were worse, for the window was now completely jammed. "There, mon," he said, "no problem now. Just as good as new. Give me 60 Jamaican" – about £6.

I was tired of being hustled, so I paid out the money. But that was not to be the end of it. Joshua wanted to go home. He lived 15 miles away, towards Ocho Rios, so be flung open the rear door and made himself comfortable, chittering and chattering, lighting up a ciga-rette and asking me to turn on the radio because he always felt better, when riding in a car, if he could listen to the

Then he gave us some advice. "Don't give no lifts to no Jamaicans," said this wicked little man. "Jamaicans are dangerous. Don't you stop for no Jamaicans. I can see that you are good people." As we drove into his town, he shouted to his cronies and then

Some people find Jamaica sinister, even though its violence has declined greatly since the unrest of the late 1970s. I did not find it sinister, but in my first week I constantly marvelled at the richness of technique of the Great Jamaican Hustle, and at the variety of goods and services allegedly on offer – not just ganja (marijuana), but any-

You get used to it eventu ally. As Steve Cohen explains in The Adventure Guide to naica: "Hustling is open to all. You ask for directions or to take a photo and an opportu-nistic Jamaican asked for money in return. Something from you is always expected in return for services, real or imagined. This can feel intimidating if you are miles from the nearest town and are unused to Jamaican ways. 'Jes' leave someting for I, for I troubles, your newest Jamaican friend says sortly. 'One love, bredren. Jes' a likkle. It works ont if you know what to

expect."
Much of my unease in the first week stemmed from the fact that I was based in Ocho Rios, which boasts some fine es and some excellent hotels but is a horrible dump of a town entirely given over to hustling. On the other hand, veteran Jamaican travellers insist that once you acquire a tan the touts leave you alone, reckoning that if you have been around long enough to catch the sun then you already have what you need, or know where to find it. The trick is getting through those first few

On my sixth day, a taxidriver who looked like a middleweight boxer with a 53-to-2 win-loss record, approached me and told me that when I was ready (I was sitting on a wall) he would drive me in search of whatever pleasures or fantasies I desired. "When you're ready, mon, the car's right here, ready to go, just when yon're ready, just say the word, whatever scene you like, mon, just say the word.\*

I have known many middle-

weight boxers, and can handle them well. I told him that when I was good and ready I would get into my car, which was parked next to his, and drive into Ocho Rios at 130

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miles-an-hour where I would probably eat seven or eight lobsters and then dance like a wild thing up and down Main Street. That worked like magic. It is not that I am insensitive. I was particularly not nsensitive while wandering round Ocho Rios because on the plane from London I had read A Small Place, a book about Antigua, as it happens, by a writer called Jamaica Kincaid, who works for the New

Yorker. If you work for the

New Yorker you can write vir-

caid writes well. She is greatly admired. People have given her prizes. She does not like tour-

"An ugly thing," she writes. "that is what you are when you become a tourist, an ugly, empty thing, a stupid thing, a empty thing, a stapid thing, a piece of rubbish pausing here and there to gaze at this and isste that, and it will never occur to you that the people who inhabit the place in which you have just paused cannot stand you, that behind their closed doors that behind their closed doors that behind their closed doors they laugh at your

There is more: "That the native does not like the tour-," writes Ms Kincaid, "is not hard to explain. For every native of every place is a potential tourist, and every tourist is a native of somewhere. Every native everywhere lives a life of overwhelming and crushing banality and boredom and desperation and depression, and every deed, good and bad, is an attempt to forget this. Every native would like to find a way out, every native would like a rest, every native would like a tour. But some natives - most natives in the world - cannot go anywhere. They are too poor. They are too poor to go

anywhere."
By the time my



landing at Montego Bay I had tired of Ms Kincaid's jeremiad and was wondering what on earth the Third World would do if it were suddenly shorn of its tourists. The answer is:

Jamaica, where tourism has surplanted alumina and bauxite as the chief earner of for-eign currency, and where the improved political climate, and the lessening of violence, have helped the tourism industry recover its poise. At least this was true until Hurricane Gilbert ripped across the island last September, leaving such a trail of devastation that the Jamaican prime minister lik-ened the sight to "Hiroshima after the A-bomb."

This was not a wise remark But Jamaica has bounced back, so much so that a news agency report flashed ecross my screen last month, declaring that Jamaica had relaunche itself as a "holiday paradise" while at the same time embarking on the final stages of a hig reconstruction programme to eradicate the scars of Gilbert.

Paradise"? I do not think so. There is too much of Ms Kincaid's poverty and despera-tion for Jamaica to be viewed as that. But you get a lot for your money - what the guide-books call 4,411 square miles of Caribbean loveliness; indeed many experienced souls rate Jamaica the most beautiful of

all the East and West Indies. It is 90 miles south of Cuba 100 miles west of Haiti and I 1/4 hours by jet from Miami: a blg island (146 miles east to west) of which approximately half is above 1,000 ft, so that mountains and valleys dominate the terrain. The central range is the Blue Mountains, north-east of Kingston, connecting with the John Crow Mountains fur-ther east and ranging up to Blue Mountain Peak (7,402 ft), an almost-mythic spot that is generally shielded in pale blue

Other mountains trail off westward, ending in the Dol-phin Head Mountains outside Montego Bay, Jamaica's second largest city after Kingston. I was only in Montego Bay briefly, but it struck me as a lively and attractive place - in



vivacious contrast to Kingston which looks mad, bad and bomb-wrecked. I wouldn't go

One evening at dinner in Ocho Rios I met a stunning lady from the Jamaica Tourist Board, who was cultivated and silky. I told her that I had been to Kingston that day, and very much regretted it, "Lncky she said, chosing not to you," she said, chosing not to hear the second part of the sen-tence. "I snuggle off there whenever I can swing it. It's a wonderful place, Kingston." I do not know what velvety amnsements draw her there,

but I was rendered speechless. The Jamaican seasons blur and meld. It is invariably hot and humid. A cooling wind at night is called an "Undertaker's Breeze." The air is sweet and damp. There are tropical forests and hot southern plains. Bamboo grows every-

where, creaking and clacking in the cool night wind. There is still some rare mahogany in isolated swamps. Environmentalists predict that the lush and scenic forests will continue to shrink as the century shrinks, and may possibly dis-

Hard-working mountainfolk, who suffered badly after Gilbert, work even the hardest terrain for coffee, cocoa, bananas, tobacco, vegetables and ganja. Many Jamaicans who do not smoke ganja grow it for sale. It is readily available, but as the Tourist Board warns: "The bad news is that ganja is illegal and that arrests are made daily at Jamaican airports, with many European and American travellers going directly from elegant resorts to drastically inelegant Jamaican

There is much that is worth

seeing, and worth travelling to see. One warm wet morning the drove to the top of a beautiful hill to visit Firefly, a mountain hideaway near Port Maria that was Noel Coward's home. He is buried in the gardens, which command one of the most sup-sational views you will find anywhere in the tropics. How Coward must have revelled in the sadness of this strange,

still place. Another day we made the obligatory three-hour, five-mile raft trip from Berrydale down the Rio Grande, a lazy, lovely river that exits the mountains and forests near Port Antonio. Halfway down, we stopped for a rest and a drink of cocount milk. My assistant wanted a swim. She was wearing a very expensive swimsuit. The water was green and cook I remained on the bank and chatted to a

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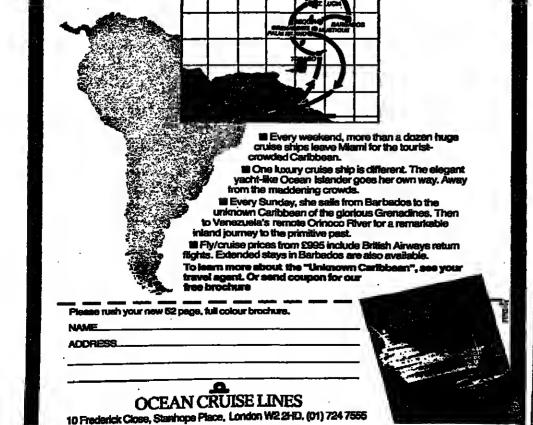


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#### TRAVEL

Continued from provious page pig, which had wandered eccentrically up. The pig liked coconnt flesh, which it crunched between strong teeth. Then it flung itself into the Rio Grande and wallowed beside Miss Lee, who was renfoundly Miss Lee, who was profoundly and bitterly hurt

e reserva i Legisla de la cresida

LEWA STANK BEAL STANKS

Despite Jamaica's histories and size, you see very few toes-ists on the open tood, except those in mini-buses. They seem to stick to their hotels for many days at a time. This is not surprising, because many of the hotels are exceptionally well-managed.

Some are for couples only. At Negril, a hippy resert west of Montego Bay famed for the unbridledness of its all-night beach parties, we stayed two nights at Sandles, an all-inclusive couples resort that had only just opened. We wanted to play tennis, so we entered the "mixed doubles." Our firstround opponents were two hig healthy chaps who had been married in San Francisco 24 hours previously, and who pro-ceeded to whack us soundly. We were profoundly and hit-terly hurt, but there was not a

lot we could say.

For the bulk of our holiday we were based in Ocho Rios, at two hotels, Jamaica Ima and Plantation inn, which are next door to each other and speci-alise in providing old-world

Jamaica Inn. for example, is owned and run by the brothers Peter and Eric Morrow. It has only 45 rooms, there are 135 staff for 90 guests. One of the brothers told me that guests who have returned 10 or 15 times are not unusual. "One Englishman has been here every year since the hotel opened in 1951." He told me that the guest in the room next to mine was a pyschiatrist who had been married five times. "A wonderful guy, as nutty as a fruit cake. His fifth wife is a marriage counsellor. She has only been married four times.

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Wonderful people."
As I was on holiday, I mostly swam and slept and did nothing very constructive. But I did enjoy the food. There is man-nish water, a thick, spicy goet soup served to energize grooms on their wedding day, made from goats' heads, tripe and feet. There is cow cod soup, made from bovine genitals and also said to increase virility aiso said to increase virtury
("It haild de' back up for de'
man, keep you going right
trough de' night"). There is
fish tea, and pimento; and Pica-Peppa Sauce, and pour paw,
and matringay (a fruit salad made from star apples), and land Pe guava, and janga (little river crayfish), and mange, of (£3.50).

course, and Stamp 'n Go (a breaded fish fritter) and ugli fruit (a citrus hybrid bred from grapefruits and tangerines). Between meals, I read indi-gestible chunks of *The Daily* Gleaner, which must rank as

one of the most peculiar news-papers in the northern hemisphere. For example, writing about Jamaican disc jockeys, one Eron Henry explained to Gleaner readers that a virtue of all Jamaican dejays was to hold a twisted and narrowed view of women ... Then one can 

powards of two hours get top. "Musically, the dejay does not need to worry about devel-oping a proflency skill; the one-two beat is enough, and peradventure one ventures a rhythmn that is slightly more complicated, a dozen or more tracks can be made off it.

"If one spurns the idea of being a dejay, one passes up the opportunity to indulge in squalid glamour and psyche-delic ambiance. Other opportu-nities there are, but they are infinitely more paintilly slow and much more difficult to accomplish. In addition, they are all short-circuited by the Jamaican dance hall syn-

What any of this meant, I

could not tell.

I travelled c/o British Airways and Caribbean Connection, the latter of which has 14 years experience of providing inclusive packages and tai-lor-made itineraries to almost every island in the Caribbean. For 1989 it has increased its capacity by 16 per cent across the board. According to its chairman, Drew Foster: "The summer brochure capitalises on the much lower scheduled air fares we have negotiated with British Airways, making many prices cheaper than last year. Ironically, we will also benefit from the introduction of charters, which have he to to increase awareness of the to increase awareness of the Caribbean as a summer destination for young people and

families." A seven-night Caribbean mection holiday at Jamaica Inn or Plantation Inn will cost between £836 and £1,253, depending on time of year (14 nights: £1,314-£2,003). Details: tel: 0244-41131.

The Adventure Gulde to Jamaica is published by Moor-land Publishing Co (£8.95); A Small Place by Virago Press

T WAS just like the open-ing of the film *Chariots of Fire*. There they were, the old men, still bright and lean, with fire in their eyes, telling stories about the days when they were young heroes

- busily inventing downhill
skiing with their mentor,
Arnold Lunn. Some were British, some were Swiss. But they spoke the same thrilling language - the language of ski-

sir Arnold had a way with words as well as skis. Describing a glacier tour he undertook in 1909, he related how his party saw the tracks of other skiers in the snow.

"Some afterwion from the

"Some afterglow from the flame of speed still seemed to linger... some lingering echo of the hiss of powder snow in the banked curves thrown up the banked curves thrown up by their ski. We crouched down, the wind sang its last song. . . the breeze died away, four rapid swings and four breathless skirumers faced the slopes whose swift joys they had squandered all too soon." Eighty years later, Lunn's disciples had gathered in the historic resort of Muerren, the so-called "Village on the Ledge" to honour Sir Arnold in what would have been his

what would have been his 100th year. Nostalgic stories were exchanged with the same vigour as they were told origi-nally.

"The hoteliers were terribly patient with us," said James (Jimmy) Riddell. "We used to hold ski races down the staircase at the Hotel Alpina." Rid-dell was once president of the celebrated Kandahar Ski Club (founded by Lunn at Muerren in 1924) and also of the Ski Club of Great Britain.

"To make things more realistic, we used to unstitch our drivets and empty the feathers on to the stairs. It was pretty outrageous. I can't remember quite why we did it. It was probably super-abundant energy – something to do on a foggy day. Can you imagine how that sort of behaviour would go down today?"
It stood him in good stead, however. In 1929, Riddell won

however. In 1929, Riddell won the extraordinary Inferno Race, a desperate 15.8 km dash including an uphill section, from the top of the Schilthorn (9,750 ft) along the testing Kanonenrohr section right down to Lauterbrunnen (7,96 ft) The race inaugurated the ft). The race, inaugurated the

### Now it's all downhill from here

Arnold Wilson pays a centenary tribute to Sir Arthur Lunn



Downhill skiers follow the trall set by Sir Arthur Lunn

previous year, takes under 16 minutes for the fastest skiers. The Swiss were at first highly suspicious of this crazy, British concept of skiing downhill - epitomised by Lunn who set the first downhill slalom course at Muerren in 1922. They were also a little distant

at first with the British. Some of the British were embarrassed themselves. They argued that since they skied badly, it was absurd for them to tamper with the rules estab-lished by the Norwegians, who skied extremely well.

Every other country had followed the Norwegian precedent and organised ski champi-onships only for Langlauf (cross country) and jumping. Indeed, it was another IO years before anyone but the British held Alpine championships. Meanwhile, they were ridiculed

by European skiers who believed that Lunn had invented the slalom for clients who were "too cowardly to jump and too feeble to Lang-lauf."

When a German member of the Federation International de Ski (FIS), Dr Karl Roesen, supported the British, he was reprimanded by the German Ski Association for making them appear "hudicrous." And a Norwegian claimed that Lunn had done more to harm skiing than anyone else in the world."

Even the present Earl of Limerick, a former president of the Ski Club of Great Britain, whose father was a close friend of Lunn's, reluctantly con-cedes: "It is certainly arguable that the ever-growing dominance of downhill ski-racing did rapidly move the emphasis irreversibly from the carefree,

pioneering camaraderie which found almost mystical pleasure in communion with the mounBritain for a long time," ech-oed Riddell. "It was a strange

liaison. There we were, P G

Wodehouse characters saying things like 'Cheerio, old bean,

have a good skil," and there were the Swiss, who must have wondered about us. But these

people changed our lives and

changed an awful lot of Swiss lives, too, and we mustn't for-

get them. It was a glorious fair-

During a gala dinner (Kalbs-

Lunn," Gefluegelcremesuppe "Lady Mabel," Rosstbeef "Kan-dahar" and Kleiner Dessert-teller "Palace") in the Sportho-

tel - formerly the Muerren Palace, a hotel once owned by

Sir Arnold's father, Sir Henry

Lunn, a ploneer of tour operat-ing - came the inevitable yod-

elling concert.

ytale, and it still is."

But of course Lunn won the day, and is now revered as the father of downhill skiing. And so it was that his great grandson, William, aged six, found himself unvailing a plaquahonouring his great-grandfather. ther in a distinctly chilly but moving floodlit ceremony with the silhouettes of the huge tri-ple massifs of Elger, Moench and Jungfrau looming almost menacingly in the dusk behind

William's grandfather, Peter Lunn, said: "The Swiss don't easily give their hearts, but once they have done so they are unswerving and it never

"There has been a love affair between Switzerland and Great

"That," said a voice rather cruelly, "is about the maxi-mum of passion and joie de vivre we Swiss can muster." The Swiss, it seems, can laugh

at themselves.

It was the voice of Brig
Arnold Kaech (yet another
Arnold), president of the Schilthornbahn (cable car) and for 22 years permanent under-sec-retary in the Swiss Ministry of Defence. In the 1836 Olympics he had captained the Swiss military patrol team, and won the downhill for the first Duke of Kent Cup in 1937. "The Muerren society of that time resembled the jet set before jets had been invented," he

As we left Muerren the following morning there was a demonstration by the ski school using primitive skis to illustrate how the first downhill skiers looked during those historic slaloms.

Early skiing apparel is described by Kaech, recalling the bustle as a big crowd of skiers waited to board the train. "The ladies wore dark blue almost without exception, wide long transport half langth. wide, long trousers, half-length jackets and incredibly smart hats. The gentlemen were in Harris Tweed, breeches and gaiters, or Norwegian ski outfits. When they got in, the brisk winter air immediately charged the stuffy atmosphere. An irresistible air of tense eagerness and that high-spir-ited tribal noise which causes the heart of any outsider to freeze, took immediate posses-

Sir Arnold Lunn certainly captured a unique and powerful blend of sport and mystique with his skiing concepts. One can't help wondering whether, without him, some of the Zur-briggens and Muellers of this world might now be mere farm labourers or bank clerks instead of downhill demi-gods. Lunn wrote his own epitaph

in the form of this prayer: "Let me give thanks, dear Lord, in the frailty of age, for the beloved mountains of my youth, for the challenge of rock and for the joy of skiing, for the friends with whom I climbed and skied, and above all, dear Lord, for those moments of revelation when the temporal beanty of the mountains reinforces my faith in the eternal beauty which is not subject to decay."

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# Along the corridors of power

Hazel Duffy on a new view of the British civil service

WHITEHALL by Peter Hennessy Secker & Warburg £20.00 851

IVIL SERVANTS the ones who work in Whitehall, not those who pay ont social security benefits or process the epplications for driving licences – fascinate Peter Hen-

in the early stage by largely uneventful hours on the night news desk of *The Times* which gave him time to develop the idea of reporting on Whitehall. As soon as word of his plans reached Harold Wilson's office, a note was sent out to senior civil servants to the effect that they were not to speak to Hennessy. It was a move guaranteed to whet the appetite of a determined journalist, and ever since, Hennessy has been wheeling his "pathetic little hobby-horse up and down the corridors of power", as Angus Maude epparently unkindly

We should be grateful that he persisted. Most civil servants hate publicity. That is the province of their political masters, they say. When they do concede the need to publi-cise something which relates to the workings of Whitehall, the terminology can be so quaint, and the message so hid-den, as to put off all but the most dedicated Whitehall

The number of highly public happenings involving civil servants in the past few years, however, have extended the normally tiny andience interested in Whitehall: the 1981 strike, the ban on trade unions et GCHQ, the acquittal by an Old Bailey jury of Clive Ponting, the Spycatcher trial in Australia at which Sir Robert (now Lord) Armstrong had to give evidence, and the West-land affair, have all been highly controversial events always emerged with its cus-

tomary dignity. On a lighter note, even senior civil servants concede

THIS IS the fourth book in e

series about nuclear prolifera-tion produced by the Carnegie Endowment for International

Peace and with its Senior Asso-

unannounced nuclear states'

and now Pakistan.

- Israel, India, South Africa,

Mr Spector writes that much

been lost and that

of the proliferation battle has

probably the best we can do is

to freeze the status quo; it's

hard to imagine that e country

that the Yes, Minister series on that the res, maintained the television has probably done Whitehall "more good than harm", in that it banished the image held by most of the population that the civil service is dull. They would prefer, how-ever, not to be seen as devious. The value of Hennessy's book, all 800 pages and at least another 50 pages of notes, is that it puts the momentous

events into the context of the overall problems confronting the civil service. The book is historical, tracing the develop-ment of the modern civil service from the introduction of the reforms based on the Northcote and Trevelyan report published in 1854 (it was only 20 pages long) to the present day preoccupations of the Government, which, despite the despite the despite acquaity about the dramas, are actually about management and value-for-money in the civil service. It is also part text book,

cataloguing some of the major events like Suez and the Falklands where a few retired civil servants in various interviews with the author and writings have permitted e tiny glimpse of how Whitehall worked, and the like and dislikes of certain politicians towards bits of the bureaucracy, notably Wilson's distrust of the Treasury.

In themselves, they are inter-esting but not hugely revealing or new. The strength of the book is its detail on the less glamorous aspects of White-hall, and notably the attempts at reform. The inherent weaknesses of the terms of reference of the Fulton inquiry set up in 1966, for instance, was revealed by (now Sir) William Ryrie in his submission "...I think it is impossible to discuss the structure and management of the civil service constructively without giving some thought to its role, and indeed to the changed role of government itself in modern

That, of course, has never been done. Mrs Thatcher has concentrated on bringing private sector disciplines into the civil service, most conspicu-ously by appointing Sir Derek (now Lord) Rayner from Marks and Spencer to head up the



The Tudor palace of Whitehall was burnt down in 1698, but the name survives as the atreet of Government buildings seen here dominated by the statue of Earl Halg as it reaches Trafalgar Square — from "London Capital City" phtographed by Derek Forsa and described by David Pearce (Batsford £14.95)

generally highly complimenary about the Unit's direct vements in saving money and the broader impact that it has had on making the civil service more management ori-

The bright young civil servants brought into the Unit, however, have deserted for the private sector, as have many others who would have gone to the top had they stayed. Their departures are symbolic of the difficulty, largely unresolved, of how Whitehall, fashioned on a "career for life", will adapt to the greater mobility in employment today, and of the diminished status of the civil ser-vant. There are still major obstacles in the path of movement out of and back into Whitehall, which many think must be removed if the civil service is to catch up in the modern world

Hennessy points ont that poor morale is not a phenomenon of the Thatcher years Efficiency Unit. Hennessy is alone. There were low points

immediately post-war, and in the 1970s, a "crisis of confi-dence" was endured as the civil service "becama the scapegost for national failure", says Hennessy.

The major weakness of the book is that by detailing so much, it fails sometimes to expand and analyse. What was the degree of responsibility of the civil service for the eco-nomic failure of the nation, for instance? The question is put tantalisingly, but never really

And on the organisation of the civil service, there is no discussion of really radical ideas. Despite Mrs Thatcher's reforms, inspired partly by her legendary dislike of the public sector and parily by a determi-nation to save taxpayers' money, she has not left a trail of fear in the corridors of Whitehall. The emphasis is still on departments moving at a pace of reform which they think is manageable, rather than changes being imposed

Hennessy, the grammar school boy who writes of his love and respect for the institution of Cambridge, seems somewhat ewed by the institu-tion of Whitehall, and the mandarins - many of them "bril-liant" in his view - who staff it. He is not alone. MPs on select committees, given the opportunity to question top civil servants, all too often seem humbled in their pres-

His verdict on Mrs Thatcher and Whitehall is that she has gone only so far, and - by his use of the past tense - he implies she is unlikely to go any farther: "She dominated Whitehall but she did not, despite the gentrine successes of Raynerism, transform it. That task would have to wait for other, more imaginative but equally determined hands, In civil service terms, twenti eth-century Whitehall still ewaits its second Lloyd George."

### An urbane voice in the cloister

Alannah Hopkin looks at the strange career of a Spanish nun and poet

SOR JUANA INES de la Cruz was one of the most famous poets of the 17th century. She had influential admirers not only in Mexico, where she lived, but throughout the Spanish and Portuguese-speaking worlds. She died in 1695 at the age of 46. The last reprinting of her work was in 1725, and there was no major new edition patil 1949.

there was no major new edition until 1940.

The parallel with the critical fate of the metaphysical poets, neglected between the 18th and 20th centuries, will immediately strike readers of English poetry, and it is a useful one. Sor Juana's poetry shares many of their characteristics: elaborate conceits, intellectual playintness, both crotic and playfulness, both erotic and sacred themes, the use of everyday language and many classical allusions.

Octavio Paz considers that

her work equals and at times excels Gongara, Lope de Vega and Quevedo. The only criti-cism I have of this magnificent study is that the Spanish originals are not given alongside the translations of Sor Juana's works. Music and tone of voice are of primary importance; even though the translations are good, they cannot catch a language which Paz describes as not that of sculpture but of aerial architecture.

Sor Juana's achievement as e woman in colonial Mexico at time of strict religious orthodoxy saems little short of miraculous – though not even the boldest hegiogrepher would attribute e miracle to this most worldly nun. She was the illegitimate daughter of an illiterate criollo woman whose family owned two haciendas in the foothills of Popocateptl. All that is known of her father, Pedro de Asbaje, is that he was e Basque. Her mother had three children by him, and three more by another man. Illegitimacy was a social disad-vantage, but not uncommon: the Catholic Church in 17th century Mexico judged opin-ions more severely than behav-

Sor Juana wrote e brief

eccount of her childhood in

SOR JUANA: Her Life and by Octavio Paz translated by M.S Peden Faber & Faber £27.50, 547 pages

which she stresses that intel-lectual curiosity and a love of learning were her dominant passions from an early age. Having taught herself to read and write, she demanded to be sent to the university disguised as a man. When told this was impossible she studied alone in her grandfather's extensive library. Unable to master a lesson in the time she set for it, she cut off several inches of her hair, and repeated the action when necessary because she did not believe that a head should be "adorned with hair and naked of learning."

The 15-rend granting was

The 15-year-old profiley was sent to stay with relations in Mexico City, and her quick wit and poetic talent combined with her beauty soon made her a favourite at tha Viceregal court. At the age of 20, she tells ns, "I entered the religious order, knowing that life there entailed certain conditions. . . most repugnant to my nature but given the total antipathy felt towards marriage, I deemed convent life the least unsuitable and most honourable I could elect. . .

This was a wise choice, as she had no dowry. Convent rules, like moral ones, were lax in some directions, though the vow of chastity in this enclosed order was strictly observed. Visitors made the convent's "locutary" - the parlour in which they were received - as lively as the Viceregal salon, and epart from daily devotions and her duties as book-keeper, Sor Juana was free to read and write in her own comfortable

Much of the richness of this account of Sor Juana's life and work comes from Paz's insis-tence that one must avoid the critical error of "reading a Baroque text through Romantic eyes." Thus it is necessary to understand both the literary conventions — which explain how e nun could write eretic love poems as well as sacred ones — end the social and political world of late seventeenth century Mexico teenth century Mexico which explains how she got away with her unconventional

away with her unconventional activities for so long.
Paz's portrait of Sor Juana's world is every bit as vivid and fascinating as his portrait of the enigmatic num. The importance of the Barroque in Mexican history is all too often neglected. There is far more understanding of the history of modern Mexico to be found in modern Mexico to be found in the flamboyant cathedrais of Mexico. Puebla, Oaxaca and Morelia than at the pyramids of Teotihuacan, and it was in these cathedrals that Sor Juana's sacred works were

first performed. The Church, in Sor Juana's day, owned more than half the land in New Spain — territory which extended to California in the north and Arizona in the west. Its power was phenome-nal and ultimately crushed even e woman as brilliant as even e woman as brilliant as Sor Juana. Vanity and meiancholla were her two weak points. The first led her to participate in a theological dispute between the Bishop of Puebla and the mysogynistic Bishop of Mexico. Not even the Vicetoy himself dared to intervene when the clergy punished her audacity by insisting that Sor Juana renounce her intellec-Juana renounce her intellectual pursuits, sell her library and renew her vows. It is hard to believe in the

sincerity of her fulsome retrac-tion of learning. Was it genn-ine, or was it merely a matter of expediency? Par argues for the latter, although there is, of course, no evidence for her true state of mind. I suspect that, after years of painstaking evasion of the Inquisition, her melancholic side found a cartain relief in accepting the inevitable. She died two years later, tending her comm during an epidemic.

# New club members

ciate Mr Spector as euthor.

The Undeclared Bomb examers such as the two Koreas, Taiwan, Iran, Iraq and Libya queueing up as well. What is mes in profound detail events up to the middle of last year indicating the extent to which needed now, as he indicates, is the ebility to produce and post-proliferation restraint. deliver nuclear weapons has spread outside the formally-ac-knowledged five – the US, the Soviet Union, Britain, France and China – to include "four It could have been an impas

sioned book, for it contains brazen examples of hypocrisy, greed and naivety by countries involved in the nuclear arms trade. There is understandable resentment by those countries outside the Big Five et attempts to prevent them from joining the club through such activities as the 1970 Non-Proliferation Treaty Exporters Committee.

The CIA knew in the 1960s that has the bomb is going to give it np." The four have crossed what the author calls "the nuclear threshold." But den was running e nuclearalso knocking on the door are weapons development pro-

THE CHANNEL ISLAND

- HOW TO ESTABLISH

REPORT

THE UNDECLARED BOMB by Leonard S. Spector Ballinger Publishing Company, Cambridge, Massachusetts \$12.95,

499 pages gramme in the 1950s and 1960s. India, another holier-than-thou country, exploded e nuclear device in 1974. Norway man-aged to allow Israel to "misplace" e significant quantity of heavy water. The Soviet Union has contributed to the transfer of technology by leasing India e "Charlie 1" nuclear subma-rine. And China has not only sold missiles to Iran and Saudi Arabia but may also have sold heavy water to India (NB. India not not Pakistan).

A myriad of countries have helped here and there to prowide material and equipment in bits and pieces which, when brought together, could provide the elements for the construction of a nuclear weapon. While the accumulation of detail, the lists of reactors,

reprocessing and enrichment capacities and an overwhelm-ing triple footnote system is impressive, they do et the same time leave the sense of masking hard-and-fast conclusions.
But the author, amongst the

details, makes the valid point that the bipolar nuclear con-test between Moscow and Washington DC has succeeded in preserving the nuclear peace. By contrast, regional tensions in the Middle East and south Asia could increase the risks of e nuclear weapon being used by nations outside the Big Five without concern for the destructive implications both physical and political
 of such an action.

Against this background, Mr Spector's chapter on delivery systems is especially valuable, for it illustrates the point that as a result of direct deliveries from the US and the Soviet Union, then through such gobetweens as North Korea coupled with local enhancement most countries involved in

regional tensions can hit the main targets they want. Indeed, things have gone fur-ther. India has the capacity to hit China, and Israel's Jericho 11B missile could hit southern Russia - thereby increasing the potential of regional disputes spilling over directly into the realms of the superpowers.

The concentration is on the

spread of nnclear weapons. The point is made that, in spite of the underhand way the Israelis and Pakistanis, for example, have obtained materials for making a nuclear weapon, the development of e bomb (even if it no longer needs to be openly tested) is a lengthy process.

Somewhat simpler, less expensive and easier to deliver are chemical weapons, dubbed "the poor man's A-bomb", as the Iran-Iraq Gulf war has shown. The euthor might per-haps have made more of this aspect for the means of visiting this form of destruction on neighbours is now well within the capacities of countries in almost all of the more sensitive regional conflicts.

Anthony McDermott

## Foundations of the pillars of wisdom

T.E. LAWRENCE was the centre of a publicity campaign which et the time, after the First War, had no precedent. Promoted as king-maker, spy, adventurer, soldier, he became
"Lawrence of Arabia", e figure
of legend, supposedly e source
of inspiration to the English,
much as Andre Malraux was
later to be to the French, Robert Graves and Basil Liddell-Hart wrote adulatory biogra-phies during his lifetime.

When Lawrence died in his motor bike eccident in 1935, the task of editing his letters was given to David Garnett, who produced ont of them almost 900 pages of hagiogra-

phy.
"Genius," was a word Gar-nett did not hesitate to apply to Lawrence. At the prompting of Lawrence's mother and brother, be cut out anything personal that might cast a shadow or reveal the inner self, marking where he had done so. Of course the ensuing myth was not firmly based in reality. A good number of Lawrence's former colleagues in the Middle East had been more capable and influential producing better political

producing better political results.

At the capture of Damascus in 1918, Lawrence had disobeyed orders, lied about what he had done, and created conditions which were to bedevil Franco-British and Arab relations. In private life, he was a masochist, and from 1924 he masochist, and from 1924 he paid e young Scotsman called John Bruce to birch him regu-

larly.
These truths were so long and so conspiratorially sup-pressed that their revelation was bound to generate scandal. When Richard Aldington first when kichatt Addington inst tried to discover the facts, in his book in 1955, he was hounded, indeed persecuted. For reasons which are not clear, apparently "Lawrence of Arabia" had been necessary to the British psyche, according to the media at least. Like Garnett, Malcolm

Brown pins the word "genius" onto his subject. Somewhere over half the letters in the Gar-nett edition are reproduced again here, either in whole or in part. Why he has missed this opportunity to fill in Gar-nett's cuts is inexplicable. To give one example among many, Lawrence wrote in April 1927 to e regimental sergeant major of the Tanks Corp, and Garnett printed the letter with a note that 20 lines had been omitted. Brown now fills in a mere 40 or so words of this omission, which interestingly concerns Lawrence's illegitimacy. To THE LETTERS OF TE LAWRENCE selected and edited by Malcolm Brown J.M. Dent £18.00, 566 pages

have selected like this from

what Garnett censored is sim-

ply to add to what is already far too much mystification. Having said this, the selec-Having sain this, the selec-tion as a whole helps to clarify the real Lawrence. He emerges as an Oxford man in his tastes for literature and music, not an imperialist but e believer that other people could and should obtain their independence, against generals and in favour of the common man, in short left-wing by the standards of the day. As for publicity, espe-cially where it concerned Seven Pillars of Wisdom, he adopted what might be called the Garho strategy of fame through self-denigration (inci-dentally he refers to her in e letter and he could well have known of her wish to be alone). Telling everyone within earshot what e rotten writer he

was, he was simultaneously doing whatever was possible to advance his literary career.

The reason for his with-drawal from public life into the ranks of the armed forces seems to have been a neurotic anxiety about his own masochism and its eventual exposure. This may be gathered from the many letters he wrote to Mrs Bernard Shaw, as bizarre e per-son as himself, in that she too dreaded the normal physical love of someone else. These letters were available to Aldington and others, but they have not been previously published. Maddeningly, Brown once again leaves out numer-

ous passages in e way which suggests more covering up. Lawrence in his letters was quick and intelligent, vain, but rightly wary of the faise expec-tations raised by the press hul-labaloo. Proud of his part in placing Faisal on the throne of Iraq, he never seems to have realised quite the meaning of this achievement, namely the promoting of e minority Sumi element at the expense of the majority Shias and all others, so furthering the instability from which that country still suffers. No sort of a broody superman or genius, the real Lawrence was thoroughly unhappy in himself, longing to be liked, and much to be pitted.

David Pryce-Jones

#### **BOOKS OF THE MONTH**

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# Byzantium revisited

AROUND 300 AD, the Roman Empire stretched from Had-rian's Wall to the Euphrates. It was predominantly pagan, Latin, urban, and classical. ors, and innumerable wars and astonishingly, still survived in what is today Turkey, Greece, and sonthern Italy even though it had been extinguished in the West in 476 AD. During the half millennium covered in Lord Norwich's latest book, Byzantium: The Early Centuries, most of the political and cultural map of Europe and the Middle East, with which we still live today, emerged from the wreckage of the classical world. Western Europe became Christian and mainly Germanic. Eastern Europe was slavicized. North Africa and the Middle East turned away from the north Mediterranean world and became Islamic and Arabic. Despite the vast historical

convulsions which lie behind these changes, the Eastern Roman Empire with its capital

least until the coronstion of Charlemagne in Rome in 800

et Constantinople was

BYZANTIUM: THE EARLY CENTURIES by John Julius Norwich Viking £16.95, 408 pages

AD - far the most powerful and advanced European state. Its monuments and art can still dazzle the beholder today just as they did one thousand

years ago.
This remote and, to most people, almost entirely unfa-miliar epoch has now been made accessible to the general reader by Lord Norwich. His technique, as he explains, is to tell the story in his own words from primary sources rather than secondary ones. Under the spell of Lord Nor-wich's prose, long dead emper-

ors, popes, generals, and prin-cessas shuffle back from oblivion to face the enlightened scrutiny of e later age. Constantine the Great, Theo-dosius I, Julian the Apostate, Justinian the Lawgiver, and Heraclius (dubbed "the first Crusader" by Lord Norwich) whirl past the reader in a glit-tering procession. The tering procession.

must be said, so generously drawn that the reader is struck by a pang of disappointment when he has to take leave of each imperial figure.

This is late Roman history as an exceptionally stylish and good-natured Byzantine histo-rian might have written it, with the spotlight firmly on the personality and capacities of each emperor and on the city of Constantinople itself. Broader social and economic questions are left largely untouched. Howevar, no Byzantine

chronicler was ever so impar-tial, let alone as friendly to his reader as Lord Norwich, who reaner as Lord Norwich, who supplements his narrative with photographs of the most famous Byzantine monuments, as well as a guide to the surviving Byzantine antiquities of istanbul, and invariably gives the modern pames of the the modern names of the places he mentions - though there are occasional anachro-nisms. Arabissos, the birth-place of the Emperor Maurice, for example is today not Yarpuz but Afsin.

BOOKS OF THE MONTH

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**FINANCIAL TIMES** 

earlier planned villages: the Pentref

Development Company aims "to create a village free from many of the normal economic, environmen-

tal and sociological disadvantages and pressures found in conventional property developments."

The "developers" are a group of professionals working for standard professional fees only and the

accommodating land-owner has agreed to offer it on the basis of a

percentage of the sale price of the houses, thus getting his return late in the process rather than at the

# Britain's planners go back to the villages

As arguments grow over damaging development of the countryside, small model settlements are returning to favour. Gillian Darley reports

TOTHING SUCCEEDS in considered as an attempt to curb architecture like an idea from the Prince of Wales. Environment Secretary

Rivironment Secretary
Nicholas Ridley might be forgiven if
he felt piqued that while very small
ripples followed his recent discussipples followed his recent discusripples followed his recent discusripples followed his recent discusripples followed his recent discusripples followed his recent discusrevival of new villages, Prince
Charles' plans for a model settlement on the Duchy of Conwell's
estate outside Dorchester have produced a veritable wave.

The prince has commissioned
Leon Krier to design his new village. The site, however, is no Cotswold dell; it is a chunk of 400 acres
between the ring road and the Dorset town. And it does not share the
landscape advantages of Upper Domnington, James Gladstone's proposed new village outside Newbury
in Berkshire which Charles admits
to admiring.

When Gladstone's architect lobe to admiring. When Gladstone's architect, John

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Simpson, looked for models, he studied Camberwell in south London. At the time this was devel-oped, it was a village standing in much the same relation to the capital as Gladstone's village bears to tal as Gladstone's village bears to Newbury. For Simpson, "the rules of the country are out of date" and his village would be, he says, rural rather than agricultural. But ell those other rules impinge on the design of the late-20th century village. For example, Simpson's neoclassical architecture cannot be given the essential backbone of a formal plan because the highway regulations will not accommodate either a grid or crossroads. Upper Donnington has failed to get planning permission; it will now go to appeal.

of course, as Prince Charles pointed out, Britain has a tradition of building model villages; indeed, it used to be rather good at this. From the early-18th century, landowners and industrialists as well as reli-gious and political groups hulit hundreds of them, all over the country. Planned villages were built as exercises in architecture and landscape design, like Milton Abbas in Dorset early in the 19th century in social and economic engineering or as experiments in communal living

according to some shared ideal.

They came in every shape and form: classical, Picturesque, Gothic Revival, Arts and Crafts. Ground plans were formal or informal, fol-lowing the whim of the moment. They were in remote rural locations or on the fringes of towns in well-populated countryside. Their found-ers were prompted in some cases by sheer expediency, in others by philanthropic concern or a paternalistic sense of social responsibility -

sense of social responsibility – sometimes a bit of each. Nowadays, most remain planned recognisably but some have been swallowed whole and prove harder to find. The nest Moravian village gian enclave in late Victorian Droy-lesden outside Manchester. The Cumbrian village of Lowther, designed by Robert Adam, remains like a miniature Edinburgh New Town in the middle of a lovely land-scape, far from any city.

Ridley's discussion paper makes it plain that new villages are being

HE MILD weather

gave a new dimension to the Christmas breek. If you found yourselves pulled in opposing

scattered and sporadic development in favour of "well located, well in favour of "well located, well planned and well designed development on a village scale." Oddly enough, during the last development boom in the 1960s, new villages were also proposed as a solution to ad hoc development of the countryside. One pundit predicted 500 in five years. 500 in five years.

500 in five years.

In fact, just a handful appeared of which New Ash Green, in Kent, was the most idealistic. Span, the developer, had high architectural aspirations — so high that the building societies would not provide mortgages readily and, at the first chill in the economic climate, Span foundared, Boyis took it on, shook foundered. Bovis took it on, shook the architecture back into a conservative, low-density format and prospered. A more recent effort at Mar-tlesham Heath, near Woodbridge, stuck close to an acceptable, tame "vernacular" and is sold as a "20th century Suffolk village." It has shops and a cricket pavilion and an active and vociferous residents'

The houses at both New Ash Green and Martlesham were sold with restrictive covenants so as to prevent the erosion of the architecture. In these new communities, without the old social glue of a without the old social gue of a squirearchy, the residents' associations — set up largely to ensure that the covenants are not infringed and the promised amenities are delivered — become the watchdog of the willow accordings turning of the village, sometimes turning round to nip the developer in the

The revived issue of new villages has divided the professions and the pressure groups. The Royal Town Planning Institute has welcomed the idea although its president, Francis Tibbalds, emphasises that they must be in the right place and of a "sufficient size to sustain a range of community services, rather than built like the opportunistic

estates." The Countryside Commission, the government quango entrusted to be a rural watchdog, is also in favour — although disturb-ingly vague about what it means by "new settlements."

In the anti camp, the Royal Insti-tute of British Architects - in the person of its outgoing president, Rod Hackney - lends no support to the idea, feeling that "communities have to grow and develop naturally; they cannot be imposed. The Coun-cil for the Protection of Rural England is appalled at the prospect of new villages. It sees the plan as just one more attack upon the plan-ning system, arguing that this rate of development is not needed and a presumption in favour of new settle-ments of around 1,000 houses is a dangerous breach in the planning

The planning system is under attack; the increase in successful appeals is undermining the authority of existing planning strategies. The town and country planning sys-tem has long relied on tiered plans. Structure plans at county level reflect wide policy, and local plans at district level deal with narrower concerns and detail. The two are to be combined, if the Government gets its way, into a single district plan. Nor does the present Government have a temperamental sympa-thy with the workings of a planning system; all the plans in the world won't help if there is no one to uphold them.

The physical and social fabric of an organic village - one that has grown by pushing out here and there in response to changes in its fortunes - is a subtle matter. Development has to be in ratio to its size, and rarely is. Traditionally, villages have had breathing spaces that tie them to the countryside and set their scale; the incessant pressure for development in many areas has filled every meadow, every field



on Abbas in Dorset, built as an exercise in erchitecture and landscape dealers

the main street of back land.
One county that has had enough is Cambridgealtire. When the plannars realised that the villages were, to all intents and purposes, full, it became the first county council to propose a new village in its draft structure plan. It should be, the planners said, north of Cambridge, somewhere along the line of the A10 to Ely. Not enough, said the Secre-tary of State in his modifications to the plan. Ridley wants two, both bigger than the one the county pro-

The county council is "very unhappy" about Ridley's interven-tion. Its strategy of limited growth is threatened and it feels sure that

that dared to show its face along the 3,000-household settlement pro-the main street of back land. the west of Cambridge will prove to be just committee sprawl—
with the worst possible effects on
the hard-pressed city. The district
planners, who deal with the actual applications, have around a dozen applications for the two sites favoured by Ridley. Despite the blandishments offered by the developers — a wide social mix, employment and leisure facilities, country park - the situation they face is very much the planning free-for-all that the CPRE predicts.

Prince Charles, Gladstone and the exceptions apart, volume house-builders have been tossing "new vil-lages" at the beleaguered planners without pause over the past two or three years. Many of them are downright silly, others are cynical attempts to hoodwink the credn-lous. At best, new settlements offer a way to channel and direct development to the right areas, ensuring higher standards of planning, land-scape and architecture design as the quid pro quo, and offering a mechanism to bring back social coherence into the new, developing country-

It is not hard to see the point of all three arguments; the quality of house-building is disturbingly low and most huilders stand conde on counts of dismal detailing, abuses of both internal and external space standards, and a complete lack of responsibility beyond physi-cal development. But the real name of the game is marketing. Call a housing estate Duckswing Green and it immediately assumes an Street; many of the new village proposals of recent months are no more

than sales ploys. Puce Prince Charles, the bane of the whole business is land values. If land can be gained on favourable terms, then the development of a village, on more enlightened lines, becomes viable. Many people feel

outset - and sparing the company hefty interest charges. Profits will be ploughed back into a developbe ploughed back into a develop-ment trust to provide amenities and facilities — a village hall, quality landscape and so on. In fact, just the things that developers promise the planners, in their expensively designed brochures, and which have a habit of disappearing at the

that this is the mechanism by

which the Government can also pro-mote "social housing". A recent

report from ACRE, representing

rural community councils, finds

that limiting development permission to housing association use low-

ers land values and reduces the unit cost of bousing. Development poten-tial is the determining element in

the equation. The other problem

arises from the taxation treatment of development value. The owner

who opts to release land at a lower

value receives no tax concession.

Even the Country Landowners'

Association has weighed in to lobby

land or houses. The participants

were, not unusually, a group with more skills than money, who have built their own combined homes

and work-places on a site in Telford New Town, Shropshire. Winner of a

1987 Times/RIBA community enter-

prise award, the first phase is now complete and the second is set to go

that for a retirement village on the Clivedon estate in Berksbire; here,

the land-owner is the National Trust, the site a Canadian military hospital, and a joint developer is Wates. It is designed by Jeremy

Dixon. Again on a sensitive site, it

is more formal on plan than Simp-

son's avowedly neo-classical

However, the most innovative

Prince of Wales, had he known of it.

tectural idiom.

ead. Another atypical scheme is

ccess to land brought the

hamlet of Lightmoor into being. This scheme had a

population before it had

the Government

first sign of a squeeze on profits. At a time when public sector involvement in new settlements is ont of favour (although, in the 1970s, one of the best new villages was a rebuilt mining settlement, Harriston, in north-west Cumbria – the brain-child of a small district council) the kind of commitment and ingenious thinking that Tircoed represents is all the more valuable. In this way, the village will gain its amenities as well as the thoughtful amenties as well as the thoughtful design produced by architect Jim Grove: not neo-classicism hut some-thing more indigenous and organic. It is a highly promising model— and, unlike the other proposed vil-lages, it has planning permission.

What, then, is the problem? It lies in the hesitancy and conservation of the lending institutions, in partic-ular the building societies. On the smallest hint of alternative thinking, they run out — as they did at New Ash Green. The Halifax mulled over the Tircoed proposal for a year and then turned it down; now, those involved in the project are confident a bank will step in. But time is passing and, with it, the building boom — always the best time for new ideas, Pentref is not dismayed. though and has looked at several more sites - in Essex, the Midlands and Scotland - for, once set up, the pattern of Tircoed is potentially replicable up and down the country.

So, is the new village an architectural issue, a planning issue or a social issue? In an age of specialisa-tions, people tend to argue on single issues; the fact is that if there are to be new villages worth the name, we have to consider all three issues. Such a village needs to be adept in design terms, but not the shrill screams of the architectural prima donna; something quite unassuming and well-integrated with its sur-roundings. It must be in the right economically) and it must not be an exclusive precinct to which few have a key. It is a very tall order.

and potentially promising new vil-lage plan around at the moment might well have interested the No one can imagine that creating a handful of new villages will solve the problem of development in the countryside but just such a few might, as their predecessors once did, set an influential example. Tircoed, in West Glamorgan, is closer in its aims to some of the



Upper Donnington, the Berkshire village for which planning permission has been refused

## A shingle-minded man

Or, how Robin Lane Fox filled-in his Christmas

directions and wondering why your free time in the country did not achieve more, these notes from my gardening holi-day may show you how it hapfrom first, while petrol refuses to filter into whacker engine and start the thing whacking. pened.

Day One. Begin major campaign to fill potholes and resurface communal drive and parking space, involving lorry-loads of gravel (shingle to its suppliers), senior labour and pirated. Ninety yards to go; on present progress, lorry driver estimates that total cost of shingle will top £500, plus labour and sec-ond whacker.

shovels. Lorry arrives an hour early in torrential rain, tips shingle into one mountain, At this low point, I remem-At this low point, I remember past experience. Three years ago, we spread a vast gravel heap around the college garden in Oxford; hut the quantity was calculated by some theoretical formula and the heap (which looked too small) left such a thick layer on the path that the older dons could not walk through it. The golden rule is that gravel will shingle into one mountain, reverses over best cowaling and retreats, promising to spread next load more effectively.

Soon discover that gravel-shovelling is done more quickly by the over-50s, retire to take delivery of petrol-driven whacker plate (necessary on hire for any reader who might want to crush hard-core into notholes). An warned golden rule is that gravel will spread a long way if you are very stingy with it. core into potholes). Am warned that potholes need to be dried out, like holes drilled by a dentist, they must then be filled with a mixture of chippings

our first heap. The results spread way beyond the second with a mixture of chippings from two inches down to dust. How do you dry out a pothole after a downpour and what do you do when next load tips out two-inch chippings without heap, leaving us to wheelbar-row the stuff from one end of the drive to the other. Loury driver's parting estimate related by results, as we do it in two loads and make the Second load of shingle lands in three little heaps, 10 yards whacker work on most of the

Day two. Leave at dawn for dream day's forhunting in last surviving corner of Promised Land in England near Market Harborough. Family have donated cost as collective Christmas present, probably to stop something worse, Satisfac-tory strunch of gravel on drive in half-light. in half-light.

After one broken nose-band and prolonged argument between companion's farm lorry and a low Leicestershire railway hridge, find myself enjoying preliminary glimpse of Paradise, with no gravel, no potholes, no ploughed fields. End up eating hacon sand-wiches by moonlight in horse lorry in picnic area kindly left open by Leicestershire council. Return home very late and note some disturbance in entrance potholes.

Day three, Mild Christmas Eve, interrupted by continuing effects of shoveller's back. Plant epimedium roseum in gaps in shaded paving, having learned from a keen plants-woman that it is the only form which really thrives in limey soil. Pick some crazy yellow

cronilia, spring-flowering print-roses and my non-stop hlue pansy called inverurie Beauty. Frequent intervals for mental re-run of hinterland to Market

Adjacent church ohligingly holds carol service in late afternoon, sparing me guilt at not going. Wheel off weeds to compost heap by graveyard to cheering sounds of O Come All Ye Faithful. Celebrate the Holly and the lvy by breaking the lower roots of offensive vy on house which is threatening my best magnolia.

Day four. Have never managed to garden coherently on Christmas Day. Some argument as to why house is now filled with little vases of semidead flowers from unlikely spring-flowering shrubs. Family resistant to my argument that we will never see them flowering at Christmas again, but they may be taking revenge for boredom at continuing stories of their Leicestershire Christmas present.

Day five. Confined to garden with experienced owner of rose on Boxing Day as horse cannot arches. Will need much higger



put front leg to the ground. Try to persuade family that it will be the perfect chance to empty out half of the border. but lack follow-through and end up dividing pink-flowered dandelion (crepis incana) which was not as good as the FT assured me when I put it in my best flowerbed. Cannot help noticing that one or two potholes are already bunching into heaps.

Day six. Plant out Solanum Glasnevin, best form of clim-bing potato flower with hardy hlue-mauve flowers in summer. Spend afternoon planning dimensions for new iron arch

span than expected; only halfpleased to hear that the arches should be built by local blacksmith, who has already made a living out of this Christmas's horseshoes and has still not left me with a horse which walks straight.

Day seven. Back to work, to signs of unsettlement in newly-gravelled drive - perhaps because neighbours have been in haste to escape their own Christmas parties. Cannot help noticing that the most heavily whacked potholes are the leas stable. Perhaps they needed drying more thoroughly. I suspect the job will come round again to the strains of this Easter's hymns.

However, this does mean using

How much is safe will depend on the character and

This is particularly important with peat composts, which have less ability than those based on soil to huffer the effect of an overdose, and also less capacity to store plant nutrients in a safe way. Most commercial peat composts will begin to become nutrient defi-cient in a couple of months of

Arthur Hellyer

#### **Country Notes**

### Solitary pursuits

WHILE spending Christmas and New Year in County Sligo, Ireland, some years ago, I was ancient custom: the Hunting of the Wren. On Boxing Day. fancy-dressed young men carrying sticks paraded round the village houses, chanting

a rhyme: The wran, the wran The king of all birds On St Stephen's Day Was caught in the furze.

They were rewarded with some coppers or fruit. This was one of a number of wren customs that once were common in France, England Wales and Ireland. Hundreds of supposedly luck-hearing wrens were caught and killed, but for the rest of the year they were protected. It has been suggested that these customs relate to a belief

that the wren is associated

with earth spirits. This in turn derives from its preference for low, gloomy places where it searches every nook and cranny quietly for insects, with mouse-like persistence. its song often comes as a surprise, for it is unexpectedly loud and pretty - not at all what you expects from a tiny bird with the Latin name Troglodytes troglodytes. Usually a solitary bird, it

has developed an interesting survival technique – a sort of DIY duvet. Wrens gather on cold nights, sometimes in large numbers, to roost in a tight, feathery cluster. Tucked away in a garden shed or farm building, they disperse again

If the wren is shy of people, the robin is positively chummy. Every gardener is familiar with the robin's bright-eyed attentions and there are many stories of them entering houses. One woman returned from breakfast to find a robin nesting among the rumpled sheets of her bed. Despite their differences

robins and wrens often are linked in folk-lore, with savings such as: Kill a robin or a wro Never prosper, boy or man. Both birds were thought

to represent the spirits of apple trees, and their toasts were drunk during the wassail over Christmas or in January. This year, our village staged

a new event that will, I suspect, be regarded eventually as having roots as ancient as those of wren-hunting: a duck race. Not, you understand, the live mallard that mooch about the pond where the stream rises at the top of the village, but Anas plasticus citronella with sticky numbers attached The mallard, the trout and

the Polly Dishwashers (wagtails) were not amuse by 500 featherless friends invading their waterways, even less by the 500 excited humans in hot pursuit. The race began up at the pond, then followed the stream where it runs alongside the main street, past the Half Moon, our front gate and the churchyard and under several bridges to finish opposite the

King's Arms. Many years ago, the villagers were somewhat surprised to see, in a national daily, pictures of local mogs being "weighed-in" for a "cat race." The owners had good reason to be surprised for such a race, in pursuit of an electric mouse, had never occurred, the whole affair having been dreamed up by some local hacks desperate for news.

### T IS probable that more pot plants are killed by incorrect watering than by any other single cause.

Automatic watering systems may relieve gardeners of the need to learn how to water plants properly, but I do not think they ever do it as well as a really skilled grower.

In the wild, only aquatics and bog plants grow in constantly saturated soil. All others are accustomed to soil that ers are accustomed to soil that is in an almost constant state

Years ago, when plant pots were always made of baked clay, gardeners were taught to tap them with the leg bone of a chicken or a cotton reel pushed onto the end of a short piece of cane. Provided the pot was not cracked it would give a hollow, ringing sound if the soil inside was dry, and a dull thud if it was very wet. You soon

### Saving plants from a watery grave

a considerable degree of accuracy — all the variations from saturation to complete dryness, and to adjust watering accord-

ingly.
The most common automatic watering device these days is the capillary bench; a flat sur-face covered with coarse sand or plastic matting which is kept wet constantly, either by trickle irrigation or from a reservoir in which water is kept at a constant level hy some kind of float or valve.

The plastic pots which have replaced most clay ones are so thin that the soil within them comes into direct contact with tha wet sand or matting through the drainage holes and, as it begins to dry, it draws up moisture by capillary

In fact, this description gives too great an impression of an ebb and flow of water. in practice, pot plants placed on a cap-illary bench remain in an almost steady condition of moisture supply that depends mainly on the porosity of the

Nowadays, for young plants, this is almost always a peat compost of some kind, and the claim is made that all these composts are so porous that there is plenty of air circulat-ing through them even when they are very moist.

This is probably true; but it is not the same as having the rise and fall of moisture to which plants are accustomed they enjoy it so well. So, you come back to the traditional view that, for perfect results, pot plants should be watered individually with proper attention to the requirements of each. You can get probes that, when plunged into soil, reveal on a dial how moist the soil is; but I have not been

particularly successful with

For mature plants growing in soil-based composts in clay pots, there seems still to be nothing to beat the traditional tapping. But it takes time and I find myself increasingly making use of another old rule of thumb - to give water until it begins to trickle out of the drainage holes in the bottom of

the pots, and then to give no more until the soil looks and

When pots are standing on open slate or gravel-covered benches, it is not easy to see just when water does start to come out of the drainage holes hut, here again, another old device comes to the rescue: the pot saucer. Stand each pot in one of

these, choosing a size that will leave a clear space of at least a quarter of an inch around the bottom of the pot, and it is easy to see precisely when you have given enough water.

I like to feed plants when I water for you can then be certain that the food is dissolved fully, diluted correctly and ready for use by the plant

very small quantities, since too strong a solution of any plant food (organic as well as inorganic) will do harm.

concentration of the fertiliser, and my own practice is to read the label instructions and then give a little less than recommended. Better to give too little than too much.

good growing weather.

#### DIVERSIONS

#### Bibliophilia

### Blue chip collection

UNTIL WELL into the 19th century, the classic lands of the eastern Mediterranean were remote, exotic and dangerons to visit. Bandits roamed the mountain passes and the plagues came back every year. The printing press was forbidden and few records were kept. The travellers who removed there from western

were kept. The travellers who ventured there from western Europe knew they were part of an heroic age of discovery.

The accounts they wrote on their return provide a main source for the area's changing political and economic situation and the culture and customs of the inhabitants as well as its appearance. Often, they describe ancient sites now built over and record details of huilt over and record details of buildings, statues and inscrip-tions that have heen destroyed. They note the rela-tionships between Greeks and Turks, Jews and Albanians,

Turks, Jews and Albanians, between pasha and priest, merchant and peasant. Even conventional observers have their value in demonstrating the conventions within which the Ottoman empire was viewed. For the history of the Greek world until the establishment of the modern Greek state, these are the essential primary sources npon which knowledge depends and on which future research must build.

In the Western tradition,

In the Western tradition, Greece always has been a special country, the land where civilisation originated. These books are, therefore, as much about the countries of the West es about Greece and Tur-key. They illustrate changing attitudes to ancient Hellas, the attitudes to ancient Helias, the birth and development of clas-sical archaeology, and the romantic and neo-classical tra-ditions in art and in architec-ture. They contain the history of a cultural tradition and a unique resource in the history of ideas.

A collection of such books put together by the late A.C. Lascarides is to be put on sale. It contains all the key works in a dozen languages from the 16th century onwards. Almost all the books are rare; a number are unique. Many are of ber are unique. Many are of great beauty. Others are pamphlets produced hurriedly on local printing presses, writings which were never intended to be more than ephemeral. It would be impossible to put together such a collection newadays, and any rollection nowadays, and any researcher who hoped to con-

Seldom have a collector and his books been matched so closely. Born in 1920 in what then was still Constantinople, Lescarides was just too young to remember anything of the dying days of the Ottoman empire. In 1921, foreseeing the disasters that were shortly to strike the Greek community, his father moved the family to Romania. By the end of his life, Lascarides could not recall which was his native language. He knew Greek, of course, but at home the family

visit the libraries of half a

dozen capital cities.

sian from his nanny and spoke Romanian at school. During

Romanian at school. During his 'teens, he learned German and Italian.

The Second World War, however, like the First, brought disaster to the Greek community. Lascarides liked to describe what happened when the first units of the invading Russian army arrived at the family's country estate, smashing and burning everything that stood in their way. His mother rushed out to way. His mother rushed out to meet the soldiers, chatted to them in Russian, invited them into the house, offered them tea and admired the photo-graphs of their families. Soon afterwards, she and her son slipped away on a hay cart with a few valuables. In 1947 Lascarides was

given a work permit to settle in England. During the con-fused days that followed the collapse of the Germans, he had provided some essential services to the British mission. He obtained a blue-collar job in a Sunderland shipyard where he worked for two

where he worked for two years, devoting his evening hours to learning English, dictionary by his side, from the complete works of Dickens.

Lascarides emerged as a qualified marine engineer. He was given a job in London and began a career that was to take him all over the world regularly. I recall him telling of a visit to East Germany where the local high-ranking official turned out to be a Greek, one of the many children selzed from their families at the end of the war to be at the end of the war to be brought up abroad as commu-nists. If Lascarides was fierce-ly-proud of being British, it was because he knew the alter-

natives.

It was during his years of travel that he huilt up his collection. In the 1950s and 1960s books still were cheap and, from the beginning, he had a precise idea of the ones he wanted. But some of his best finds were due to good luck. Once, while stuck on Syra, the small island in the Aegean which has a shipyard but little

else, he met a nut-seller mak-ing paper twists for his pista-cios by tearing pages from an old manuscript. The paper was not as suitable as newspaper, the nut-seller explained, but old newspapers were not avail-Lascarides bought a twist and

being torn up contained the official archives of the Sardinian consul at the end of the Greek War of Independence. He bought a pile of new news-papers, made an exchange with the nut-seller and rescued the archive for his collection. Lascarides hoped his books would be kept together as a resource open and accessible to future researchers. The sale is being handled by Maggs

William St Clair

ENTION the Greek islands, and the heart cheers at once. Why? It is not for the weather, at least not for the weather, at least not in winter when gales cut them off. It is partly for the ordered beauty of white houses stacked on bare hills like boxes, white churches in fields, and walls siking the mountain-sides. And for the history: the Aegean archipelago was prey to the empires of Athens, Rome, Byzantium and Venice which have all left their traces. But the main reason is the

which have all left their traces. But the main reason is the islands' independence.

Every island is its own proud continent and has been since the first islanders came in Neolithic and Bronze Age times and local traditions began. Even at the time of great external influence — perhaps domination — from Minoan Crete around 1500 BC, the islands in the Cyclades and the Dodecaoese had many differences between them, as two archaeologists' bring out forcefully.

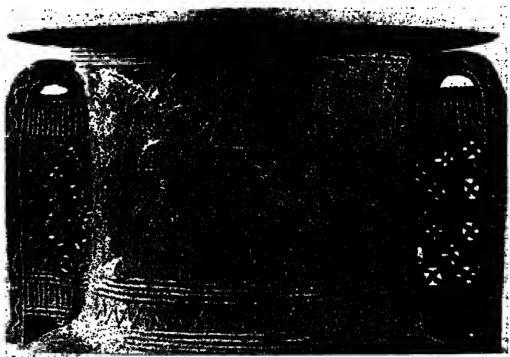
ogists\* bring out forcefully.
As today, ways of surviving and details of living vary from island to island. The question then and now is not "Are you an islander?" but "What island are you from?" are you from?"

Today's unifier is tourism which provides enough for many to shut shop and "sit" through the winter. But the older local occupations are still needed: fishing; farming, espe-cially on Naxos where there is

cially on Naxos where there is delicious hntter; potting on Siphnos; quarrying on Melos and Thera; making sweetmeats in Syros. Much goes for export.

In the prehistoric past exporting came second. The first need was to look after family and island, and we must imagine a more inward view. Still, pottery was traded. Kea made lead weights in standard measures for the whole south Aegean. The Melians bartered their obsidian, a black volcanic glass. Obsidian was a staple of Aegean life until well into the time of using bronze, as it knaps like flint to make razors and knives.

The earliest obsidian outside Melos dates from the 11th millennium BC, thousands of years before any Neolithic set-tlement in the Cyclades. It was tlement in the Cyclades. It was found in a cave in the Peloponnese and is the first evidence of Aegean seafaring, as it must have come by sea. It is unlikely that people (of whom archaeologists have found no traces) were living that early on Archaeology



### A continent on every Greek island

Gerald Cadogan finds much cheer in the history of the Aegean

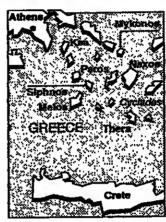
Melos. Rather, once someone happened to discover its properties - painfully - seamen could have come to collect it in lumps from the heach, for breaking down into blades back home. In the Bronze Age (3rd and 2nd millennia BC), Melos had one of the most important island towns at Phylakopi and there must have been a regular trade. Marble is another Cycladic rock that beckons the imagina-

tion. It is still quarried in Paros and Naxos, which prospered in the 3rd millennium BC probably because they were centres of the oldest, yet also the most modern, sophisticated art of Greece. The powerful, if seemingly simple marble form. seemingly simple, marble figu-rines and statues are the begin-ning of Greek sculpture and have made their mark on modern masters. They influenced Moore and Brancusi, and you see them clothed in the figures

Ostend, world centre of the lit-

(that is, except for the shrimps

At Ostend, you won't get



of Modigliani,
in the Cyclades a dig on Kea
has now found heads of this
type modelled in clay. The
main Bronze Age town on Kea
was at Ayia Irini, on a low
promontory in a natural harbour popular with yachtsmen
and with a good tayerna. Ayia and with a good taverna. Ayia Irini had a long life, that shows well the Cyclades's position between mainland Greece, Anatolia and Crete. From every direction people brought

new ideas in pottery, architecture and religion. Anatolians came by in the centuries around 2000 BC. Later, there was the strong Cretan connection, noticeable in everything from cups and lamps to frescoes on the walls and large clay statues of women — many shown as worshippers in Minoan ceremonial dress: a top cut below the bosom, and a flounced skirt.

Many other islands, from Kythera in the West to Karpathos, Rhodes and Kos in the East had strong Cretan links, but ties were strongest on the volcanic island of Thera. The frescoes — swallows contring, boys boxing, the start of salling and women (again bare bosomed) collecting saffron, have changed our ideas of Cretan art. It is now clear that pictures were arranged on the walls hy themes to carry a message (youth, spring and new blood) like the wall paintings in mediaeval churches.

But even at the acme of Minoan influence the islands kept much of their own attitudes. The Theran swallows and fishes look like nothing from Crete, and the Melian style of pottery is distinctive. At the excavations at Akrotiri and fishes look like nothing from Crete, and the Melian style of pottery is distinctive. At the excavations at Akrotiri on Thera you spot the local Theran and the imported Cretan pots at once, whether tiny or huge storage jars (pithol). Thera blew up around 1500 BC. Around 1450 Cretan influence collapsed and the Mycenaeans became the principal power or influence in the Aegean. Their fall led to a Bark Age. When art re-emerged, it was the islands that produced one of the first masterpieces. It is a 7th century BC pithos from Mykonos with a clay relief picture of the Wooden Horse of Troy, the oldest picture we have of it. Greeks look out of windows in the eide of a mighty beast rolling purposefully towards the city.

Leave the beach on Mykonos for the island's museum. Do not miss either the excavations on Thera and, if in Athens, the Goulandris Musaum of

on Thera and, if in Athens, the Goulandris Musaum of Cycladic and Ancient Greek Art for marble figurines and

■ The Cyclades in the Bronze Age, by R.L.N. Barber, Duck-worth, London; The islands of Karpathos, Saros and Kasos in the Neolithic and Bronze Age, by E.M. Melas, str m, Gothen-burg.

### Drinks Sloe but sure

GOD in his wisdom has smiled on us again. I am declaring a vintuge year for the 1987 bottled sloe gin. I am pretty certain, as much as one can be certain in these matters, that the 1988 will be equally good while 1989 already is taking on a splendid hue.

As I am feeling rather pleased with our modest success, I thought I would share the knowledge - if not the taste and olfactory joy - of how to produce this excellent cold weather drink.

The year 1986 was very good for the fruits of the hedgerows. There were a great many blackberries, although they were not enormously large and juicy. There were

large and juky. There were hips in abundance, large and with a good colour. The hips came through again in '87 but blackberries were a disaster. I don't mean

were a disaster. I don't mean it was a thin harvest, with a few south-facing bushes carrying a light crop and the northern bushes bare. I mean no blackberries and no mushrooms - not one. I don't

mushrooms — not one. I den't remember anything like it.

However, 1988 produced an abundance of such quantity and quality that it has made up for all the less years. First of all, the blackberries were huge and succulent. Each day in the early autumn, I picked a couple of punnets.

And the sloes? No. I hadn't forgotten; it is just that they grow on while all this harvesting is being carried out.

I have noticed since we have been making sloe gin that many people rush out to gather the sloes when they are about to be ripe or, indeed, are just ready. A panic sets in; the competition is fierce to gather all that grows. I have an uncharitable

feeling that some folk pick more than they need; after all, there is a limit to the bushes where the sheep grass.

It is a fine bush, the plackthorn, and named aptly. Its white flower complements the lambs in spring and its

berries in winter bring and its berries in winter bring warmth to the shepherd.
My wife's also gin is of the trockenbeatemasless variety.
Perhaps trocken is a slight exaggeration — only a few of the total are really wrinkled. and shrivelled. The of picking is to let the frost nip them before they are gathered, and this brings two

First of all, most of the time we get our frosts and the berries then take on a new prominence. Second, we can take our autumn holiday comfortable in the knowledge that the ever-ripening berries will be waiting for us on our

return. Shepherd's crooks are the favoured sticks for picking; no berry is beyond the reach of arm plus crook

Each berry needs to be pricked at least four times: a christening fork is admirable for the job. It is just the right size and, handled carefully, will make four neat holes in one go -- economy of effort. The recipe calls for blanched almonds; fortunately, these are not difficult to come by and I should not like to have to spend time blanching and peeling the number we need, The final ingredients are sugar

and, not surprisingly, gin. The whole lot are placed in large pickle jars. First, there has to be a layer of sugar, then a layer of sloss then sugar and so on until the jar is nearly full. Add the almonds and fill up with gin. The jars are then tidied away in a dark cupboard and given a joily good shake up once a week until August, when bottling takes place. There is little, if any,

sediment. The sloe gin is very clear indeed. But should you think the almonds are worth eating, don't bother. The sloe gin has leached every bit of flavour from both the berries and the almonds.

Once bottling has taken place, the mixture should be left to mature for a further six mouths. Indeed, I regard this period of maturity as a test of character The rewards are huge. The colour on bottling is a deep, rich red which I have noticed

rich red which I have noticed changes to a more erangy shade after two years — but the taste and texture after this sort of time is especially good.

What I am now hoping for is an end to the mild weather and a very cold, dry winter. In that sort of climate, sloegin becomes the king of refreshments.

I have not mentioned

I have not me quantities, which one normally does when giving a recipe; but then, I think life is all the sweeter with one or two secrets.

Bobby Robson

### Food for Thought

### In search of fruits de mer

Peter Lewis drools at the very mention of French seafood

perse after Christmas and the New Year, they think about their summer holiday. Those with foresight and confidence actually book it. This is none of my business, but I am looking for an excuse to write about fruits de mer, a holiday topic if ever there was one.

For one thing, you can't get them at home ontside very expensive London restaurants. Britain's nearest equivalent to Brothers of 50 Berkeley Square, London W1. a plateau de fruits de mer is one of those little barrows that set up shop outside the pub on Friday and Saturday nights

EFORE FAMILIES dis-and dispense winkles and Ostend in Beigium. In general, whelks donsed in corrosive the seafood is very good at rather small and the clams whelks doused in corrosive vinegar. I don't know if the tle brown shrimp (sorry, More-cambe). Horses plod along the shallow, sandy waters of the vinegar is there because it is thought to enhance the thirstprovoking qualities of seafood or make the beer taste better. foreshore dragging shrimping nets. You can get a plate of mixed seafood at most of the The only thing it does for the seafood is to mask off-flavours. Anybody would think we all fish restaurants along the Vis-serskai. It will all be very fresh lived about a thousand miles from the sea, not surrounded by it. If you have been to Madrid you will know that, hundreds of miles from the nearest

and crab, it will be alive. But then, a less-than-fresh fruits de mer is fit only for the bin). sea water, they seem to have an endless supply of beautiful seafood. They did so even before the railways came. Hot country, too. So, Britain has no excuse. But Britain also has no seafood. Most supermarkets sell cold-

water prawns, with or without the shells. But I am not craving a few prawns; my holiday thoughts are set oo one of those huge, dripping cornuco-plas of shell and seaweed which have punctuated my holidays for decades. The French coastline is not as long as the UK's but all along it, from Dunkirk right round to Marseilles, you can reckon to sit down somewhere within sight and sound of the sea and tackie a plateau de fruits de mer. (There is a little exception to be made on the Cote d'Azur, where consuming man has obliterated almost all traces of life from the seashore).

In pursuit of the ideal, I have eaten plateau all round this coast. It is a wonderful thing to have for lunch: it doesn't fill you so full that you don't want any dinner; it takes a long time to eat; it is a perfect foil to cheap, white wine; and you can feel it doing you good. So, where is it best of all? In any particular town, it doesn't vary all that much from one restaurant to another. The local fish market dictates what is on your plate and there is no chef, only an arranger. Our review begins before we

get into France at all, at

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TABLE DE FRUMS DE MER.

anything very exotic or strange. It is, however, the only place I know where whelks are served hot regularly. This delicacy, which is dispensed from cauldrons at fish-stands along the quay, is called warms unillocks in Flamials of the cause of the cau ish and is eaten in the street out of little plastic pots, although not at all in restau-I have never tried to eat

fruits de mer either in Dunkirk or Calais. It is impossible to avoid passing through these grim and charm-free ports at one time or another, but it is not necessary to linger. If you must eat, you can get a quick omelette and chips and be on VOUL WAY.

However, one move down the coast has you in Boulogne. Although the fruits de mer there may not be the best in france, often they are your first. You find them bang opposite as you come off the boat or down the little road from the hoverport. I always time the beginning of my holiday so that I arrive at about noon and by a quarter past, such a short time after leaving Dover, I am sitting looking at a great, dripning masterpiece.

sometimes rather big but the ensemble is excellent, towering over the table on its wire stand which leaves space underneath for rye bread, butter, shallot vinegar and mayonnaise. There are oyster forks and crab picks, nutcrackers for the crah and a cork stuck with pins for the winkles. Even with a glass of mineral water (long after-noon's driving ahead), it is remarkably welcoming.

Dieppe just has the edge over Bologne when it comes to

this delicacy. Not only are there far more places offering it but the quality of ingredients is slightly higher. In particular, the centrepiece crab usually is more succulent. It might be a crab to us but, to the French, it's a tourteau, different from a crab (which is what tha English call the edible crab, as if no other kind were).
All along the Normandy

coast, plateaux are to be had which are rich in quality and variety; and the seashore, just across from Bexhill and Bognor, yields a harvest of creatures which are familiar, if not available so readily, to Britons. You just drive along following the coastline until you see that station sign. in a big town like Cherbourg or Rouen, the opportunities are boundless.

It might seem odd but I don't think Brittany is in the front rank here. Brittany is provided

so richly with high-class oys ters, lobsters and crayfish that it is able to be more lavish than everybody else with these luxuries. Why should it need to fiddle about with winkles and whelks? That's my rationalisation, anyway. The fact is that while Brittany might offer many fine seafood experiences, a good plateau de fruits de mer is not among them.

Going round the corner and travelling south, I award my grand prix des fruits de mer to La Rochelle on the Atlantic coast. For a start, it's a nice town with arcaded 18th century streets and a railway station of baroque magnificence. But around the fortified towers of the old port, magnificent offerings can be had. Try swimming on the beach and you will find yourself in a rich minestrone of old socks and dis carded yoghurt cartons. Bot from these onpromising waters, what wonders are

Here, your plateau is likely to include (in addition to all the other good things) some live limpets, which hang onto your plate or the crab shell and have to be prised away. This process might not be to everyone's taste but the taste of a fresh limpet is not to be



Arcachon has, of course very good oysters and supplies them up and down the Atlantic coast, up to La Rochelle and down to Capbreton, near the Spanish corner. You are unlikely to get so many of the miniature items In these southern waters; certainly, the little brown shrimp finds a home only in the north.

How about the Mediterranean? In my experience, the most likely bet for a good plateau along this coast is the fish-and-wine port of Sète, which is a sort of poor man's Venice. Here, there is a stretch along the canal which is wallto-wall seafood joints for about a kilometre. Sète cooking is not very refined - it is the birth-place of lobster a l'Americaine. that most costly, filling dish but the raw seafood is okay. There is no decent shrimp or

crab to speak of but the oysters and clams are grown in the bassin de Thau, which is a lagoon of sea water surrounded by land. They are farmed carefully and come out tasting very strongly of iodine; quite bitter with it, they are.

Anyone who goes to Sète without taking a selection chez

Achille is missing one of the unique delights of the place. Good old Achille will often slip in a few razor-shells (remember them from your child-hood?) or a violet, which looks like a wrinkled, fist-sized leather bag but has bright yellow flesh inside which tastes even more hitterly of iodine than the oysters. No need of vinegar to persuade you that this lot's fresh; it is positively In Paris, these things are

attended-to with a hit more ceremony and have more of an air of special occasion. A tour-ist at heart, I am very fond of the Terminus Nord, opposite the Gare du Nord. This is where James Bond always stayed by choice when in Paris; it's also where they went to get General Pétain out of someone's bed to tell him he was in charge at Verdun. They pile a mean platter for you

there.
But although it is always a bit of a feast, the plateau should be an informal thing. I remember a little fishmonger's shop in the town of Grui shop in the town or Grussan, in the Aude, that had a card in the window offering a depustation. A folding table and two chairs were produced and a veritable hillock of seafood spread forth. I have even had one of Achille's for breakfast hefore slogging back up the autoroute. Makes a nice break-

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HITAN JAME IN

There's no business like snow business: Lucia van der Post offers advice on what the well dressed skier is wearing this year

# Slope off in style

NOW may still be a little short on all those Alpine pastures but already the forests of skis are waving about at Luton, Garwick and Heathrow

skis are waving about at Luton, Gatwick and Heathrow and the convoys of coaches are gathering at Genava, Zurich, and Lyons. It's time to see just what replanishments the wardrobe requires.

For those who like to keep on frait with such things there are several trends this season. There is, for instance, the Indian Squaw look — some of you may feel that this is the kind of look you spend inset of your time trying to avoid and that you don't need to go out and spend a hundred pounds or so to achieve it. This is not the kind of thinking that makes for fashion on the ski slopes. If you are feeling flush you can buy it ready-made in the shape of outfits from Riff-Raff or Luhta adorned with suitably Red Indian-like motifs. To go Indian from top to toe in Luhta would set you back about \$200, though you could settle for a new "Indian" ski jecket at \$119 and wear it with your old trousers or salopette. The more economically-minded your old trousers or salopette.
The more economically minded can doll up the outfits they already have by adding motifs and badges on an indian Squaw thems. Headbands and the odd feather come cheap and convey the look effectively.

and convey the look effectively.

The Eskimo look is another look that some of us feel is all too easily achieved. Console yourself that this year round, padded and warm is highly-fashionable. To be authentic you really need a fur-lined (or at least trimmed) hood. Look out for the Licorne label.

Finorescent colours were noneered by Nevice, a British-

ploneered by Nevica, a British-based company specialising in high performance fahrics. This year it has homed in on super Excelerch as its newest functional fabric. It claims that this one has active rather than passive breathability which makes it even more comfort-

The casual, Wild West look is a hardy annual and here it comes again. Stonewash denim one piece suits and jackets, as

well as stretch panis and jamity-looking jackets with motifs or words on the back come from the italian designers Belfs, Outrage and Chervo.

If you want to look really dashing AND be sensible then you shouldn't set out without the Bleepe, a small battery-controlled transmitter, which sends out a continuous signal and can be picked up should sends out a continuous signal and can be picked up should you be caught in an avalanche. \$29 from Snow + Rock branches. For a further 269 you can also buy a receiver/transmitter. Even more powerful is the Pieps - this is the size of a personal hi-fi set and can both transmit and receive signals on all frequencies used by rescuers in the Alps. You can buy it for \$180 or hire it for £19 a week from Snow + Rock.

Glitz, once thought of as

week from Snow + Rock.
Glitz, once thought of as more suitable for nightclubs, these days makes an appearance on the slopes. Jet-Set, one of the leading "designer" names in skiwear, has a new Heavy Metal collection which shipes away rather as if the akier were wrapped in tin foil. Overalls are £369 from Harrods skiwear department. Peter Steinebronn, one of the most stylish of skiwear designers, has produced a wonderfully lush, almost. Russian-looking, black and gold long-line jacket with a and gold long-line jacket with a flattering fur collar — £295, also from Harrods. Chilly mortals might like to

look at Bogner's one piece suit with the built-in heat pad which slots into a back pocket and emits heat as the skier skis, £715 from Harrods, Those who are more commit-

ted to practicality, function and reasonable prices than high fashion will find an increasing number of companies aiming to give plain honest value without any of the fells. This doesn't necessarily mean that the clothes are dull. mean that the clothes are dull. What it usually means is that the basic skiwear items — the trousers, salopette, jackets and so on are made in fairly functional shapes but are jollied up with skilful colour combinations. Man O'Leisure, for instance, has produced some exceedingly well-priced ski-wear — jackets siart at £44.

If it's your first trip and you really aren't sure if it's going

For the (male) skier who T-bars, let alone black runs, and really wants to keep a low profile Hackett is the place to head for. Here, fogeys can lurk anonymously in plain honest functional skiing gear. Not cheap, because technical fab-rics like the Gore-tex Hackett reses don't come cheap; a lined uses don't come chean; a lined jacket, fully waterproofed with a storm hood and high collar is £225. All Hackett shops sell the range - you might like to track it down in the new Hackett/Moss Bros venture at 27 King Street, London WC2 -



The top designer names in skiwear do not come cheep. This very striking black, bright yellow and cream skisuit in Gore-Tex by Head is £525 from Lillywhites, Piccadilly Circus, London SW1.

salopettes at £34 and one-piece suits at £78. In colours like fuschia, jade, red, turquoise, royal hine or black, they make a sen-sible buy for those who don't want to lash out on anything

fancy.
Some branches of Marks & Spencer currently have some incredibly good buys on offer — but hurry because they won't be there much longer. Sid socks are just £2.99, men's salopettes, £40, blousons £49.50. C & A, possibly the most reliable source of really inexpensive skiwear, is in the middle of its sales and is not prepared to guarantee stocks, but if you are near a branch it is worth checking on what is left for they have some exceptionally dashing lines at very low prices.

to be your cup of snow you can t very inexpensive skiwear Astral Sports where Ski-Tech jackets are £35.99, salopettes, \$25.99. Check well for warmth and waterproof qualithe because nothing is more liable to put off the flailing beginner than a fortnight spent ing cold, damp and bruised. For your nearest branch of Astral Sports telephone 01-637-3337 and ask for Pat

knows he isn't to be trusted on and by mail order from 65b New Kings Road, London SW6.



 Clear plastic wraperound frames in fluorescent colours.
 More practical than they sound because the wraperound style means the eyes are protected from ALL harmful rays of the sun. They are also useful because they can be worth in six very bright colours — pink, green, yellow, blue, brown and red. Called Wrappers, they are £28 and are exclusive to brianches of Miller & Santhouse (for nearest branch, there are 97, ring 051-708-7400).



The ideal rucksack for the kids - a large and efficient quartz-operated watch on the back makes sure they have no excuses for being late for rendezvous while the rucksack their will hold the daily paraphernals which is an essential part of the day-skier's equipment (the hats, poggles, fissues, sun-cream, camera etc). In bright primary colours, in assorted shapes and sizes they start at £38. From Snow + Rock

### Great yarns

EDINA RONAY sweaters are much coveted by many but are affordable only to the few. If you like the style but can't bring yourself to pay the prices it is now possible to but a authentic-looking Edina Ronay-style sweater yourself. She has combined with Rowan yarns to produc silk and wool combination yarns in her own distinctive colours - apart from some vibrant colours like violet, vibrant colours like violet, scarlet, mustard yellow, deep marine blue, there are also some sophisticated neutrals like camel, moss green, chocolate, oatmeal, donkey and eard. Yarns are £2.25 per 20 gram ball.

Use the yarns to knit one of the natherns in he found

of the patterns to be found in "The Edina Ronay Collection", the designer's own very glossy collection of 35 patierns for hand-knit sweaters. Published by Sidgwick and Jackson, the book costs £16.95. If you don't feel like lashing out on such feet like teshing out on such a tavishly-produced tome (though remember it does give you 35 patterns) you could spend just £1.95 on Rowan's magazine, "Edina Ronay's Silk and Wool", which will give you instructions for eight different Ronay designs.

Finally, if knitting isn't an occupation you have much

occupation you have much truck with, then Londoners can head for the sale starting today at Edina Ronay, 141, King's Road, London SW3.

ONE OF my favourite galleries, the Oxford Gallery, 23 High Street, Oxford OX1 4AH, launches a splendid exhibition on Monday (January 9) when it shows the work of a wide range of potters, all on the theme of "Tea." As the gallery pais --it is an invitation to a "Tea party starring teapots, cups and teabowls with a supporting cast of mugs, jugs, plates, bowls and dishes." Some of the country's most distinguished potters have made pieces for the exhibition names like Sheila Casson, Mick Casson, David Leach, Carol McNicoll and many, many more will be familiar to all who are interested in the world of modern ceramics. Tea is almost a national drink. Drinking it is something most of us do every day and many of us several times a day so why not make it and drink it using beautiful utensils? Whatever your taste or style, whether wild and rococco. restrained and purist, witty and humourous, cool and elegant, there should be the teapot (and supporting cast) for you. Even those who can give no more house-room to teapots and teacups may well be interested to see just what inventive potters can do with

such an every day theme. The Gallery is open from Monday to Saturday from 10 am to 5 pm.

CAN'T KEEP away from the ales? If you live out of London and would like a good base from which to make determined forays into the melée that is an essential part of modern sales time, then you might like to know that the Cumberland Hotel, handily placed at Marble Arch, is offering bargain prices. From now until January 31 you can stay at the hotel for only £35 per person and discounts sometimes of as much as 40 per cent - on meals in all the

recipes. I feel ravenous at the



restaurants are also on offer. From The Cumberland you can get to all the main sales addicts' hannts easily -Harrods is about 10 minutes away by bus, Selfridges is five minutes away, Marks & Spencer about three minutes spencer about three minutes and if you have the energy left for theatre-going afterwards, that is also within easy reach. If you're interested ring the "Sale" botline on 01-724-7625 for further details.

A SMALL, shop filled with a mass of decorative ideas is Boaudesert, just beside Peter Jones at 8 Symons Street, London SWA. Gabriele Langer, who runs it with her partner. who runs it with her partner Berkelsy Paget, has an immaculate eye for the kind of decorative items that give a home warmth and personality. Though the main thrust of the business is the decorating side they also sell their own range of fabrics (primarily country-house style chintzes) and, of course, their beds are all reproduction but are based on slim, elegant Georgian designs and whenever they can find genuine old posts they incorporate them into the four-posters. A good idea of the house style can be gained by just wandering luto the shop and looking around. There are usually some good small Georgian antiques nice chests of drawers, small writing desks, dressing tables. that sort of thing. Those who love candlelight – and who doesn't? – will find the shop always filled with candlesticks of every conceivable decorative variety. Small

silver ones, medium-sized ceramic ones, large silver ones, glass ones, single or in pairs, there is something for almost every taste except the stark and minimalist. The shop is also a good shop is also a good hunting-ground for small silver items. Sketched here is one of a pair of hurricane lamps made from tôle, with a black base and decorated in gold in slightly Chinese style. Being quite large, about 21 ins high, they look bold and confident and would make any dining table or sideboard. £224 each.



Cookery

### How to cut the mustard

Philippa Davenport selects some worthwhile food reading

few if any recipes. For a thoroughly entertaining read, Paul Levy's Out to Lunch, now in paperback (Pen-guin 26.95) is hard to best. Also a good detective story. Elizabeth David's classics Elizabeth David's classica are as mach a pleasure to read as to cook from, and everyone whose old copy of Summer Cooking has become tatty through years of use will want the new illustrated edition (Dawling Rindersley £12.55).

Elizabeth David also features to Find in Vocus (Pyramid compulsive reading for me in the completely revised and the completely revised and updated edition of Reay Pannahill's Food in History (Penguin 18.95), which pots haif a million years of world food history into 400 pages. The result is a lively and informative hear this dip through the centuries, touching on such matters as late medieval table manners and how to "make pies that the birds may be alive in them and fiv out when it is cut up." in Food in Voque (Pyramid Books 216.95), an anthology of recipes and photographs published in Vogue magazine from the twenties to the present

Picking my way through cookbooks in search of a selection worth spending

Christmas book tokens on, I am struck by the fact that

some of the most interesting

and inspiring offerings include

Warm, eye-calching and fun — pure wool sweaters from sportswear departments in John Lewis Partnership shops. Wear them either for skiing or for aprecent, Abovelet is the Snowplough sweater, right is the Break-a-teg. Soft come in Jade and carise, both are \$45. There's also a good selection of accessories — hoods, snoots, heethands and the Bics, all at very reasonable prices.

day. A feast for the eyes and a very mixed bag of recipes.

There seems to be a trend towards more specialised subjects with a spate of books devoted to such themes as

devoted to such themes as chocolate, fish, apples and tea time. The Complete Mustard by Rosamond Man and Robin Weir (Constable \$12.95) ought to appeal to FT readers, a group apparently distinguished from those of other newspapers by their transports to consume

by their propensity to consume greater quantities of this condi-

Cheese builts will relish the revised and updated edition of Patrick Rance's The Great Brit-

ish Cheese Book (Macmillan £14.95 hardback and £7.95 paperback). It is the definitive guide to British chaeses and

cheese making, and the expan-

fly out when it is cut up."
The Art of the Kitchen Garden by Ethne Clarke (Michael Joseph \$14.95) confines itself more modestly to tracing the history of growing and cooking fruits, vegetables, herbs and edible flowers, and offers advice on cultivation plus reci-pes. It faillis its brief in a gen-tle, readable fashion and prompts some pleasurable armchair gardening in anticipation of better home-grown produce. Harold McGee's On Food and

Cooking - The Science and Lare of the Kitchen (Unwin paperbacks £1295) contains not one recipe but it answers a thousand and one questions about the structure of ingredients and how they behave in cooking. This is a heavyweight reference book but as gripping as

ded list of cheese makers in this edition is tribute to the growing success of Major Rance's campaign for real

Lesley Chamberlin's admira-ble The Food and Cooking of Russia (Penguin 27.99) is a welcome arrival in paperback, with its interesting and infor-mative history, followed by notes on shopping for ingredi-ents and recipes for peasants' or rich men's tables.

Neal's Yard Bakery Whole-food Cookbook by Rachel Haig (Dawling Kindersley paper-back) is a winner for the way it gives all the nutritional low-down on ingredients and their place in a healthy diet. I rate it obligatory reading for anyone whose New Year resolutions may make them near-vegetarian, but I find the recipe section frankly disappoint-

Another offering from Dawling Kindersley, Steam Cuisine by Tessa Hayward (hardback £12.95 and paperback £6.95), suffers from the same sort of let-down. The basics of steaming and different types of steamer are described admira-bly well and you can sense the anthor's enthusiasm for the wide variety of foods that can be cooked by this method -

not just steak and kidney pud, Sussex Pond, treacle sponge et al, but a whole host of fresher tasting dishes that satisfy today's desire for lighter and today's desire for fighter and healthier eating. What a pity her recipes are low on sparkle. Books by chefs continue to roll off the presses. Cuising de Terroir (Corgi £5.95) is one I covet, a compendium of classic provincial recipes as they should be made, plus thumb-

should be made, plus thumb-nail sketches of each region, written by French chefs. An important collection with a very modest cover price.

Recipes from Le Manoir aux
Quat' Seasons by Raymond
Blanc and Master Chefs of
Europe (McDonald Orbis \$17.50

and £16.95 respectively) are both massive and lavishly illustrated tomes which many may want to drool over but I am content to cook without. Chef Richard Stein's recipes

look much more user-friendly and I like his English Seafood Cookery (a Penguin Original £7.95) very much. Some of his dishes are grand but many are everyday and I look forward to cooking and eating his mussels with mange tout and spagnetti, herring roe cream, sautéed scollops with chicory and Nolly Prat, fish cassonlet, fil-lets of sole from Padstow, and

a hake and potato ple with gar-lic, parsley and breadcrumb crust, which he says is "best consumed at the kitchen

Stephanie Alexander, avid traveller and restauranteur from Down Under, is another young thef whose style is unlikely to intimidate the bome cook. Her Feats and Stories (Allen and Unwin £16.95) irritates because of frequent references to her previous book and because she measures ingredients in cups without a mention anywhere (that I can find) of the cup's capacity. That said, her chapters on breads, citrus fruits, salads and tracklements are appealing and I particularly like her idea for "sun-drying" tomatoes in the oven.

Peter Lewis has already written about a nice book called English with a Difference by ex-chef Steven Wheeler (Barrie and Jenkins £15). Another book from the same stable, which also follows the months through the year, is The Inde-pendent Cook, Strategies for Seasonal Cooking by Jeremy Round (Barrie and Jenkins £12.95). This is a wonderful book. It is jam-packed with good sense, it is fun and I can't wait to get my teeth into the

thought of such things as pigeon with gravy, mussel and potato staw, hot and sour venison, paella with artichokes and rabbit, celeriac dauphinoise, sour cherry bread, black chicken sandwiches, Afghan rice pudding, and pigs trotters stuffed with chicken and pista-

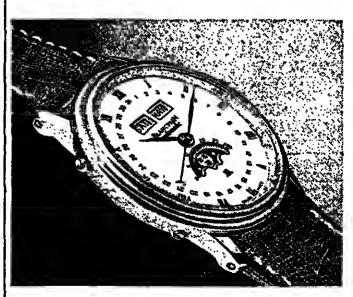
Enough reading. On with my apron and back into the

STRAMED SCALLOPS This recipe by Arabella Boxer comes from Food in Vogue. elegant, healthy, quickly made and very appetising, it would make a fine antidote to traditional Christmas foods. Serves four. 2 tsps sesame oil; 2 garlic

cloves; 1 sq in root ginger; 4 spring onions; 12 scallops, with four curved shells, cleaned; 2 tsps soy sauce.

Lay four pieces of foil on a flat surface and rub with a few drops of seasame oil. Slice the garlic and ginger finely, and lay half the slices on the pieces of foil. Cut the spring onions into one inch lengths, then cut each piece into thin slivers. Lay half of these on the foil. Cut the scallops into quarters and lay on top of the onions. Sprinkle with sea salt, the remaining sesame oil and the soy sauce. Cover with the rest

of the garlic, ginger and spring Wrap up the foil packages and lay them in a steamer. Cook for eight minutes over boiling water, covered. Serve the foil packages lying in the shells, as a first course or light SINCE 1735 THERE HAS NEVER BEEN A QUARTZ BLANCPAIN WATCH. AND THERE NEVER WILL BE.



BLANCPAIN

LONDON Carringtons, Mappin & Webb, David Morris, Garrard, London Hilton Jewellers, Watches of Switzerland, The Watch Gallery

# Art as investment: strength in depth

Robin Duthy examines the market since 1975 and finds a healthy climate for the lower echelons as well as star names

rt prices overall have increased by 480 per cent since 1975 – equivalent to annual growth of 14.5 per cent. Over tha last auction year, ended July 1988, prices rose by 11 per cent compared with 15 per cent in the previous year. The find-ings are based on ten indexes, each one focusing on a single period or school of painting. Each index monitors the aver age price (after exclusion of the top and bottom 10 per cent) paid at auction for works by between five and 20 artists and so measures movements in the mainstream of the market.

The art market today is in a sound state, but the danger is thet the long run of sparkling results for paintings by Monet, Van Gogh and other household mes will create an illusion that all art is safely strapped in on some kind of magic escalator. Saleroom people seem to get ou to a collective "high" as they reel off figures whose magnitude is hard to comprehend. Intentionally or not, they rarely discuss what is going on in the lower echelons of the market. No slouches when it comes to PR, they often give the impression that logging the impression that logging new records is a part of the daily grind. This no doubt helps in getting new business. Arguably though, they might be better served by presenting art as the dependable invest-ment over the medium term it has emerally been

has generally been. Changes in the ten indexes given here vary from a 710 per cent rise since 1975 for the School of Paris to 245 per cent for Dutch and Flemish 17th century painting. The best per-former over the last season was also the School of Paris with a rise of 55 per cent and the worst was English Sporting Painting, which fell back 20 per cent after a strong rise between 1984 and 1986.

Art objects are increasingly en as investments, the value of which rise and fall as new essments are made of their esthetic, historic, functional or some other value. Buyers take account too of marketability, and the auctioneer's role in improving the liquidity of an art investment has been important. They are influenced too by critics, art historians, exhibitions and even by the track record of each field.

The idea of art as investment was once thought rather sor-did. Now, fortunately, it is widely accepted that to take pleasure in a work of art is quite separate from, though compatible with, expecting it to be good investment. That nrove an important factor in the market's future growth.

Dutch/Flemish 17th Century

Painting With a rise of 245 per cent since 1975, the index of 17th century Dutch and Flemish painting shows the smallest increase of the ten schools of painting considered here. Several great names in the index Brueghel, van Goyen, van
 Ostade, Ruysdael and Teniers
 are redolent of a collecting age whose heyday is past.

For a collector, there are problems. The best paintings are mostly in museums, while many that are just below museum-quality can still cost

THE PLAY FROM THE NATORA BOOK

TC.S. Lewis

Glyn Robbins

WITCH

WARDROBE

around £30,000. The bulk of those passing through the mar-ket must be considered grade three paintings and collectors clearly feel that other fields offer better value. The biggest rise of the 15 artists in the index was for Abraham Storck (up 570 per cent) whose marine paintings now sell at an average of £25,000. Next came David Teniers the Younger (up 510 per cent) whose peasant scenes sell at an average of £18,000. The slowest growth rates were for Jan Miensze Molenaer, Jan van Goyen and Thomas Heeremans.

Snbject matter does not seem to affect growth rates. Seascapes are as popular as scenes of carousing peasants or skaters in a winter landscape or still lifes. However, within the still life field, flower paintings have riseu faster than fruit and fish. Church interiors, once out of favour, are now appreciated, and within the portrait field, prices are determined by the age and looks of the sitter. Artists: Jan Frans van Bloe-

men +320 per cent; Pieter Brueghel the Younger +265; Joost Cornelisz Droochsloot +160; Frans Francken II +350; Jan van Goyen +20; Egbert van Heemskerk +170; Thomas Heeremans +20; Jan van Kes-sel +120; Nicolas Maes +180; Jan Miensze Molenaer +5; Aert van der Neer +395; Adriaen van Ostade +265; Salomon van Rnysdael +250; Abraham Storck +570; David Teniers the Younger +510.

English Sporting Painting The index of English Sporting Painting has dipped by 26 per cent over the last two years but still shows a rise since 1975 of 560 per cent. The racing world is the main force in the market, not only in Britain but in tha US, where the leading ctioneers have held special ist sales since 1979. The artists in the index are

among the most prolific, though not necessarily the best, in their field. John Nott Sartorius (up 890 per cent) has

The School of Paris English Sporting Ptg. 1975 over 5yrs over 1y 10 +380 +55 FT Art French Impressionists Market English 19th C. W colours 6000 39 1975 Ower Syrs Ower Tyr 650 +210 +16 German Expressionists since 1975 over byts over 19 +550 +160 +33 4000 New York School etc. Victorian Painting The Surrealists 20th C. British Paintin Dutch/Flemish17th C. 1975

Statistical method used in this survey: The 1975 base figure for each artist is the average price of the central 80 per cent of paintings, watercolours etc. by that artist sold at auction in the 1973/4, 1974/5 and 1975/6 auction seasons, as reported in Art Sales Index, edited and published by Richard Hislop.

Harry Hall +620.

English Watercolours

Decorative appeal is now the factor most affecting the value of English water-colours. Helen

Allingham, the most accom-plished of the "Foxglove Cot-tage School" commands the

highest average price - £4,900 of the artists in the index, her work having risen since

1975 by 1,630 per cent. Albert Goodwin's work has been ener-getically promoted hy dealers and has risen by 870 per cent.

Next comes William Callow, whose semi-romantic handling

of European street scenes and

landscapes with ruins have

risen 630 per cent. In the rush to buy water-col-

ours that are easy on the eye, the more austere work of art-ists painting at the turn of the

18th cantury has been left behind. Paul Sandhy, John Varley, Samuel Pront, John Sell Cotman and many more,

regarded as better value and may catch up one day.

made watercolours an ideal

field for new collectors or those who have been priced out of other markets. The traditional, if irrational, three-to-one price relationship between oils and

watercolours has changed.

Watercolours have been catching up and a ratio nearer two-

to-ona prevails. Tha overall

rise is now 560 per cent.

Artists: Helen Allingham
+1,630 per cent; William Callow +630; David Cox +250;
Anthony Vandyke Copley
Fielding +315; Myles Birket

Foster +480; Albert Goodwin +870; Thomas Bush Hardy

+370; Augustus Osborne Lam-

plough +240; David Roberts +520; Peter de Wint +330.

The lower unit costs have

family, his house and his

horses, though not necessarily

in that order; Ben Marshall

moved to Newmarket because

he discovered many a man

who "will pay me 50 guineas for painting his horse, who thinks 10 too much for paint-

For all the importance the

English attach to horse-paint-ing, art-historians have not

been so sure, though it was

acknowledged that Stubbs was

"more than a horse-painter." Subject matter does influence

prices. A Herring racing scene,

for example, may be worth twice as much as a comparable

hunting scene. Bloodshed in

any sporting painting makes it less desirable.

+410 per cent; John Herring (Snr) +440; John Nott Sarto-

rius +890; John Wootton +410;

Artists: John Ferneley (Snr)

The exclusion of the top 10 per cent removes from the sample the potentially distorting prices paid for exceptional works, and the bottom 10 per cent removes seriously damaged works and others of doubtful authenticity.

The artists in each index are given equal weighting in the base year. Where

overlay almost every scene an artist undertook.

and Neo-classicists are the

highlights of the period, there is a solidly based body of work

bought then and now by suc-cessful businessmen. The aver-

age price of F.W. Watts, once

with an average of £7,700. He is

the archetypal Victorian artist who early in his career hit

upon a marketable style and

subject – realist streetscapes with huddled figures in the autumn light – and kept turn-ing these out for 25 years. His prices have climbed 370 per

Not all Victorian painting

has proved a dull investment; outside the artists in the index,

the work of Tissot has risen

brilliantly executed, his work satisfies a special nostalgic

appeal in that he portrayed an

unshakeably secure world with

stunning clothes, lashings of

food and servants galore. Artists: John Atkinson Grim

shaw +370 per cent; Benjamin Leader +175; Edmund Nie-mann +170; Sidnay Richard Percy +640; Henry Redmore +390; William Shayer +340; George Smith +220; George

Turner +460; F.W.Watts +480; James Webb +300.

French Impressionists
The Impressionists are up 650
per cent since 1975 and are still

the most widely admired of

any group of artists. Now that prices are so high collectors have been scrambling to buy the minor and later French, German, Scandinavian and

American artists who worked

in their style.

After a 40 per cent surge in

value between 1986 and 1987

the French Impressionists as a whole resumed a more normal

growth rate of 16 per cent in the last year. Within the over-

all figures, changes for the individual artists diverge widely. For Monet the rise is by far the greatest at 1,240 per

cent, with an average work now selling for £560,000. Next comes Renoir with a rise of 770

While the Pre-Raphaelites

too few examples of an artist's work were sold in any one year, the calculations have been based on a series of overlapping pairs of years.

The method was devised with the help of the late Professor Sir Roy Allen and produces arguably the most reliable index of the art market yet published.

cent can only be explained by the high going rate of £24,000 in 1975. After a dip last year, Pissarro shows a rise of just 290 per cent since 1975 and must now be undervalued. Major exhibitions can profoundly affect prices even now,

particularly for minor impresage price of r.w. watts, once favourably compared with Constable, stands at £8,300, the highest of the group, having climbed a respectable 480 per cent since 1975. Next in price comes Atkinson Grimshaw with a represent of 27.70 He let sionists or those loosely linked with the group, Prices for Fan-tin-Latour more than doubled in 1986 following an important

was once considered to have shot his bolt early. Giorgio de Chirco prices are up 370 per cent; the early works fetch more than the late. Critics claim he flogged tha same ideas to death after he settled in Rome in 1928.

Confidence in the market for Salvador Dali has been shaken by proven charges of forgery and prices have climbed by a meagre 140 per cent. Delvaux dream sequences of naked ladies in strange architectural settings are fetching about the same — on average £23,000 — as in 1975. Max Ernst, always seen as a "difficult" artist, has risen by just 150 per cent. Magritte's work has risen a moderate 260 per cent and now

moderate 260 per cent and now sells at an average price of \$50,000. Miro's work — though only a small part can properly be called Surrealist — has risen overall by 300 per cent.

The generally disappointing performance of this group is partly to do with the high prices ruling at the 1975 base date and partly through some date and partly through some loss of status. Throughout the 1950s and 1960s Surrealist art was felt to be more "relsvant" and was hung in collections alongside School of Paris and impressionist paintings. Today the whole rationale and concept of the Surrealist movement faces tough questions. For all their importance in the history of art, the shock-waves sent out by Surrealism are get-

Artists: Victor Brauner + 130 per cent; Giorgio de Chirico +370; Salvador Dali + 140; Paul Delvaux +15; Max Ernst +150; Reue Magritte +260; Andre Masson +390; Joan Miro +300; Francis Picabia +700; Kurt Schwitters +310; Yves Tanguy +240; Paul Klee +190.

The School of Paris

This group contains a galaxy of famous artists, many of whom, surprisingly, had climbed in value quite slowly until 1984. The index as a whole is up by 710 per cent since 1975. Among the top performers are Kees van Dongen (up 1,420 per cent),



La Maison Bieue, by Monet, sold for £7.15m

exhibition in Montreal. Artists: Edgar Degas +350; Clande Monet +1,240; Camille Pissarro +290; Pierre Auguste Renoir +770: Alfred Sisley

German Expressionists
Expressionist prices are set
mainly by markets in the German-speaking world and now
show a rise of 550 per cent
since 1975. Demand is strongest for works painted by Kirchner, Heckel and Schmitt-Rottluff for or soon after the revolutionary Dresden exhibition of 1906, and for the other artists, not all of them German, who ware drawn into their circle –

Munch, Nolde, Jawlensky and The biggest rise has been for Max Pechstein, once seen as a minor figure but now commanding an average of £14,000 for the 100-odd works sold last year and having put on 500 per cent in just five years. Gabriele Munter too has made a late run with a rise of 220 per cent in five years and 790 per cent since 1975. Once thought of more as Kandinsky's girl-friend than an as a serious artist, her work now averages £10,500,

with the early works painted at Murnan fetching most. Though neither German, nor an Expressionist for long, Kan-dinsky was a key figure in the movement. Surprisingly, his work barely rosa in value between 1975 to 1985 but a late surge has put it 570 per cent up over the 1975 figure. Emil Nolde's work has risen by 610 per cent to an average price of £42,600. His landscapes and especially his flower paintings are rated far above his rellgious work. Jawlensky's early work is most highly valued, though the overall average now stands at £30,000 and the rise since 1975 at 530 per cent. Artists: Ernst-Ludwig Kirchner Artists: Erist-Linewig Kreiner +370 per cent; Erich Heckel +390; Karl Schmidt-Rottluff +410; Emil Nolde +610; Max Pechstein +1,000; Gabriele Munter +790; Christian Rohlis +260; Alexej von Jawlensky +530; Wassily Kandinsky

Prices for Surrealist works have made the second smallest advance - 270 per cent - of the ten schools considered here. The higgest rise comes from Francis Picahia (up 700 per cent), a prolific artist who

Edouard Vulllard (up 1,150 per cent) and Marie Laurencin (up 930 per cent) - all of them artists who appeal strongly to Japanese taste. Georges Bra-que, by any standard an anstere and cerebral artist, is a surprising star with a rise of 960 per cent.

Next in a cluster come

Utrillo (up 510 per cent), Moise Kisling (up 500 per cent), Rouault (up 430 per cent), Cha-gall (up 420 per cent) and Bonnard (up 410 per cent). Utrillo's colossal output (well over 100 paintings are auctioned each year) has a depressing sameness, though as with others in the group he represents a romantic Paris – specifically Montmartre - for which there is an almost universal nostalis an almost universal nostal-gia. Over 100 Chagalis changed hands last year at an average price of £96,000. The lowest increase of the group came from Picasso, up just 380 per cent. As a highly prolific artist, the market has been awash with his work since his death with his work since his death in 1974. Furthermore, he is no longer a totem pole art-lovers dance round in mindless adulation. His work has been sifted into the great, the good and the downright had. The aver-age price for a Picasso now stands at just over £100,000,

was just £20,000. Artists: Pierre Bonnard +410 per cent; Georges Braque +960; Marc Chagail +420; Kees van Dongen +1,420; Moise Kisling +500; Marie Laurencin +930; Pablo Picasso +380; George Rouault +430; Maurice Utrillo +510; Edouard Vufllard +1,150.

though as recently as 1984 it

The New York School, etc.
This group covers the Abstract
Expressionists and takes in
representatives of Pop Art, Op
Art and Colour Field painting.
The overall index of 20 artists
has climbed in value by 400 per
cent, though movements range
from a rise of 2,200 per cent for
Adolf Gottlieb — whose variations on a cosmic landscape tions on a cosmic landscape have been radically revalued to a group of artists including Josef Albers (up 70 per cent), Jules Olitski (up 60 per cent), Kenneth Noland (up 100 per cent) and Victor Vasarely (up 60 per cent). In dollar terms these artists would barely have moved in 13 wears. Their workmoved in 13 years. Their work has not been actively pushed by New York dealers, and hence prices are becalmed.

The death of Andy Warhol produced a rise of 250 per cent between 1968 and 1967, though prices have now fallen bank to an average of £15,700 to give an overall rise of 380 per cent frank Stella's work has abadd doubled in two years to give a rise of 380 per cent since 1976. Best known for his variations on the theme of the Great American Nude, Tous Wannie man has made a late renowns to show a rise of 220 per cent to show a rise of 220 per customer 1975. Demand has recently been good for Cy Twombly (up 790 per cent) and Helen Frankenthaler (up 330 per cent). New York has been world

capital of contemporary art since the 1940s when a wave of capital of contemporary are catalyst for a flowering of native American art. The flowering of native American art. The flowering of the month style of marketing contemporary art can cause serious damage. The New York art world is serious from the marketing contemporary art can cause serious damage. The New York art world is short-term gain. The istemic genius is paraded in New York society, often to be dumped as soon as the name meteor crosses the firms meet. Artists: Josef Albert +20 percent; Sam Francis +630; Alexander Calder +280; Adolf Gottlieb +2,230; Hans Holmann +700; Franz Kline +132, Willtlieb +2,230; Hans Rotaman +700; Franz Kline +189; Wil-lem de Kooning +570; Jules Olitski +60; Larry Rivers +130; Mark Tobey +140; Paul Jenkins +270; Frank Stella +940; Cy Twombly +792; Rob-ert Motherwell +420; Andy Warhol +380; Tom Wesselman +220; Kenneth Noland +100; Helen Frankenthaler +820; Victor Vasarely +60; Ad Reinhardt +160.

20th Century English Painting This mixed bag of figurative or near-figurative artists has climbed 420 per cent since 1975, equivalent to an annual growth rate of 13.5 per cent. The index includes two strong performances, from Alfred Munnings (up 930 per cent) and John Piper (up 850 per cent). Though seen by some as allek and superficial, Munnings is ranked by others as equal to Stubbs and Marshall. The sharp rise for Piper, a romantic landscapist with an acceptable dash of modernism, is under-

The slowest movers have been L.S. Lowry, up just so per-cent over the period; a sluggish rate for an artist whose teeming townscapes seem so popular. Graham Sutherland is up just 105 per cent, suggesting that his major Tate Gallery exhibition did little for his highly competent if mechani-cal seascapes with sailing ships are greatly in demand by chtsmen and now sell in the £5,000 to £20,000 range.

In most schools of painting demand has been strong for . artists offering easy, decorative appeal. Prices for Edward Seago, another artist in this category, have climbed 460 per cent over the period. Augustus John was enormously admired in his day though his status slipped during the 1970s. Prices were trailing until last year, when they doubled to give a rise of 520 per cent. Henry Moore drawings have not responded to the major Royal Academy exhibition and the rise since 1975 stands at just

270 per cent.

Artists: Montague Dawson +480; Russell Flint +220; Augustus John +520; Laura Knight +330; L.S. Lowry +60; Henry Moore +270; Affred Munnings +930; John Piper +850; Graham Sutherland +100; Edward Seagn +460 +100; Edward Seago +460.

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### THIS LAND IS OUR LAND

Meditation, by René Magritte, sold for £50,000

risen furthest, followed by

Harry Hall (up 620 per cent). John Ferneley (senior) and John Herring (senior) are not far behind with rises of 410 per

cent and 440 per cent.

The English have not been

excelled in sporting art. Wootton, Ben Marshall and Stubbs

stand out in a large and illus-

trious field. In the 18th century many an Englishman would commission paintings of his

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**OPhillips** 

The rise of 360 per cent in the Victorian painting index since 1975 is towards the lower end of the art market league table and shows that the rapid revaluation of Victorian painting in the 1970s has slowed.

entered a second dark age around 1840, yet it is clear that few of the artists who were so admired in Victorian times

now enjoy the same standing. For the Neo-Classicists and Pre-Raphaelites the bubble hurst early this century, though their recovery in the 1970s was strong. For many collectors this period has one insuperable problem; just as dark varnish then came into fashion, so did a kind of emotional counterpart in the form of an idealised melancholy that

The index is made up of mainstream artists who saw the world through more or less rose-tinted glasses. Few people still think of Britain as having

per cent and an average price of £132,000 for the 116 paintings and drawings sold last year. Next comes Sisley with a rise of 570 per cent. His later works have been revalued and following a major exhibition that toured Japan in 1985 there has been some damand from that quarter. Works by Degas sold last year for between £1,500 and £6.8m with an aver-age of £110,000. The eurpris-ingly modest rise of 350 per

#### Westminster Theatre Box Office 01-834 0283/4 **ROY MARSDEN** KATE O'MARA In Vanbrugh's "Delicious Comedy" OR Virtue in Danger! "A delightful production, just the treat for the festive season." Daily Mail. "I loved every moment" Sunday Misser LIMITED SEASON UNTIL 28 JAN Eves 7.30 Mats Thur 2.30 & Sat 4.00 MERMAID THEATRE



Rinay January,

# Cunningham's walk of life

on start by walking

- by lifting one foot
from the floor and
then placing it down
at another place. It seems an
obvious thing to say, but this
basic ingredient of buman
movement is something no major choreographer, no major academic dance style, takes for granted. And how moving that so ordinary a human act can rendered new to us. I felt this again looking at three pro-grammes given by the Merce Cunningham Dence Company, in its two-week season in Paris at the Theatre de la Ville.

at the Theatre de la Ville.

I felt it at once in Doubles, the first of the works I saw there. (All this piece's seven roles are double-cast; hence the title.) This work, which London saw in 1985 and which is expected to join the Rambert Dance Company's repertory next season, is often less esteemed than more dramatic or picturesque works, but there is no Cunningham work I

The tone of Doubles builds subtly from the gentle box-step patterns which all the dancers employ from time to time — pacing to front, to side, to back, to aide again, like knights on some strange and lyrical chess board, going nowhere in particular. And the rhythm and use of stage space that all this creates establishes

which the more brilliant and eccentric marvels of the work

There are two women who always enter together, stepping in patterns around the perime m patterns around the perime-ters of the stage, and five oth-ers who have, in addition to duets and ensembles, personal solos. Each of the five has a different tread and the female pair share a sixth: one man's back leg drags, one woman separates each of her steps with the hint of a pause, and the two "sisters" pace calmly in and out of still-held and far-reaching arabesques. Natalia Makarova has writ-

ten of how Kirov dancers are taught that you begin to dis-cover the essence of each character with the walk; this is just as true of Cunningham's work. By the sbeer freshness and variety of its walking, Doubles achieves an idyllic lyricism that becomes deeply touching. I have seldom seen this repertory to better advantage than

on the broad stage of the Thea-tre de la Ville. Since it is only 18 months since the company last saw those Righties master-works Pictures, Shards and Fabrications (all gloriously per-formed in Paris), I consider other works here. As in the company's four-week New York season at the Joyce Thea-tre this March (which I

attended), the Paris repertory was supplemented by the revivals of those older works Septet and Rainforest; the result was more like a Cunningham retrospective than any season London has yet been given.

Septet - made in 1953, the year Cunningham first formed his company (and known here since 1987 in Rambert performances) - appears now to be the fons et origo of much of the coolly akewed Cunningham classicism that has ensued, but also a marvellously peculiar array of never-again-used constructions. In one solo (origi-nally for Cunningham himself), a man briefly alternates between facial expressions, as if switching between tragic and comic masks; and these quick changes of mood mark the whole work - now in response to, now independent of, the

How striking the references to Balanchine's Apollo, reshaped with novel twists and re-accentuated with new weight and stress; and bow strange the stillnesses and pauses that mark the ensem-bles of this work, until the stasis of its sculptural poses becomes, like long chords in music part of the rhythm.

The most obvious fun of the 1968 Rainforest is in its Andy Warhol decor of belium-filled,

silver pillows (set against a black void), some bung like giant stars, or massive foliage, above the dancers, others loose on the floor like swaying undergrowth. (At the Theatre de la Ville, one of these passed forward and hounced its way up to the back of the audito-

I love too the dancers' cream-coloured tights, ripped here and there to reveal bare flesh. This is one of Cunningham's most mysterious nature studies, now given with much more intensity of nuance than when this revival was new in March. Both hushed, sedentary, rocking episodes and outbursts of thrashing violence occur; you see hands beld like paws, strange falls and rolls — and eudden charges at nothing.

A new work, Nine Stone Wind, in Avignon, is sure proof that Cunningham'e talent. when complemented by fina designs and score, is as touching and inventive as ever.

Made for all 15 dancers in the
company, this is the longest
piece — 50 minutes — Cunningham has made in several years, and it gradually accumulates in the size of its steps,

small and intimate society; and that sky, growing now dark, now light again.

The year 1988 produced several great new works by American choreographers — Paul Taylor's Danbury Mix and two works by Mark Morris, Drink To Me Only With Thine Eyes and L'Allegra, Il Penseroso ed il Moderato. Fine Stone Wind in tempo and in density.

It is marvellous to see the designs by Mark Lancaster (happily working again with Cunningham for the first time Moderato. Five Stone Wind ioins their number.

in a wide array of single colours, each perfectly selected (lemon, salmon, royal and eggshell blues, grass-green and more), with two-layer black-over-white skirts for tha women, which later they remove as the work acceler-

All this takes place against a haunting sky that shifts in hue between lilac, indigo, azure and navy blue. The episodes of Fice Stone Wind run like lyric scenes from a civilised country scenes from a civilised country gathering in a novel, full of incidental beauties and sudden human polgnancies. The steps are almost all academic; the atmosphere is social and spa-cions. At one point dancers run hand-in-hand around the stage; at another a single young nand-m-nand around the stage; at another a single young female runs on, distanced from the others, like an adolescent aloof from the party. Duets, solos, ensembles; steps bold, calm, formal and casual; the different bonds and gaps in a small and intimate society; and that along the control of the control

# A glutton devoid of graces

anniversary season of neglected European classics with a late 18th century comedy which holds a proteal place in the history of Russian drama but has apparently never before made it to the British stage. The dis-covery of Denis Ivanovich Fonvizin is par for a course which has already done great things for his compatriots Ostfovsky and Gogel, although to reach them in the ratings he needs a sharper translation than is provided for Four Corners Theatre

Company by Joshua Cooper.
Cooper's substitution of The
Infant for the more usual title Infant for the more usual title
The Minor makes a sort of
sense in the light of Adam
Ray's portrayal of a provincial
heir devoid of graces, with violently rouged cheeks and
grubby shorts, his "caftan" (a
long, coatlike garment worn by

out like any errant schoolboy's. However, it surely ignores the titular irony of an ineducable, gluttonous youth on the verge of man's estate yet coddled like a delicate tod-dler by a mother whose every ambition is invested in him. The spoiled "infant" Mitrofan is a direct forebear of Ostrovsky's Lipotchka, brattish daughter in A Family Affair, which was so memorably performed last year by Cheek by Jowl. Fonvizin's satirical spleen, which eventually forced him into premature retirement despite his early propularity with the court of

men in the Middle East, or a woman's loose dress) hanging

popularity with the court of Catherine the Great, is clearly seminal in its send-up of grasp-ing provincial landowners and pretentious city folk. The illiterate, volgar accesses of the country gentry

are gloriously personified in Flip Webster's bullying Mrs Simple; the cultivation of city dwellers in George Pensotti's benignly pompous Oldwise, who arrives at the Simple bousebold to rescue his orphaned neice Sophia from drudgery. He stays to see her safely hetrothed to the right man and to impart his civilising views on duty and virtue in pointedly archaic speech to an essembly more interested in

his money than his morals.

The play's debt to Russian folk comedy is emphasised in Camilla Bates' minimal stage design and bright peasant costumes, with Mrs Simple storming about in their midst like a monstrous mint humbug with raspherry edging, while her jaundiced bushand (Jeremy Rawlinson) seems to become thinner and more sallow by the minute. The physical range of

the cast - from Steven Wick-ham's pannchy farmer Beast to Kate Byers' demure Sophia is well-exploited by director Giles Croft, although the restraints of 12 actors on the

small Gate stage take their toll on the broader comedy.

There is a scattering of superbly apposite moments, such as when the eligible Milo (Matthew Byam Shaw) gives an oration on the distinction between bravery and courage which levitates him on a bench like the young Hitlerian singer in the film Cabaret, but there are also some as yet underrealised ones. In particular, the line-up of Mitrofan's three tutors - Priestling, Figgures and Boschmann - cries out for a more extravagant treatment, which it may well get as the show relaxes into its stride.

Claire Armitstead

From left, Flip Websier, Adam Ray and Deva Palmier in The Infant

ingsley Amis's Girl, 20 has sharply-drawn characters and a

bold plot laced with

surprises - proper material for radio. For Radio 4's Monday

Play, Tony Bilbow has made it into All Free Now, laying out the bones of the story effec-tively and retaining a fair feel-

ing of Amis in the newly-con-trived talk.

Robert Stephens played the flamboyant musician Sir Roy

Vandervane, respected in the

classics but ostentatiously

keen on pop, even composing a piece for a group called Pigs Out, with himself on his Strad-lvarius. Less ostentatiously, he

is keen on young girls, and is preparing to leave his wife and two children for an unknown,

Sylvia, alleged to be 20, actu-

Events are largely told through Douglas Yandeli (Christopher Timothy), who is

fond of Sir Roy's daughter Penny but is also music critic

of a paper whose editor has a deep anti-Vandervane preju-dice. Also involved are Sir

Roy's wife Kitty, his with it son Chris and his protégé Gil-bert (who hasn't much func-

When secret Sylvia's true persona is revealed, adding an unarguably melodramatic

touch to the story (that I won't betray, for there is a repeat this afternoon), virtually all

these people suffer some loss or other - but as Gilbert says, "We are all free now." I found

directed by Matthew Walters, absorbing enough to send me

out to the library for the novel.

One might think that Sir Roy had devised the new Radio

3 feature that I mentioned last

week, The Works. Who better

to play his Elevations 9 than

the Reggae Philharmonic

Orchestra? True, the RPO, as

laughing planist-presenter David Owen Norris calls them, is a stronger combination than

Pigs Out, containing as it does all the black string players

there are, or so we were told. This RPO consists of proper

musicians who just want to play popular music, scoring is

conventionally oased on

strings, but thereafter you get

a more contemporary instru-

this black romance,

tion in this version).

### Baroque diversions restored

pera Restor'd, the touring company "dedicated to the revival and production of English masques and operas of the baroque period," visited the Queen Elizabeth Hall on Thursday with a double bill of 18th century one-ac ters. Both little operss, John Christopher Pepusch's The Death of Dido (1706) and Charles Dibdin's The Ephesian Matron (1769), contain their measure of historical interest and importance, but in each the musical and dramatic content is fairly alender; it is surely a mark of the current vogue for all things operatic

that the programme should have drawn a full hall. Pepusch, the Berlin-born composer best known for his contribution to The Beggar's Opera, was a skilful musician. Barton Booth's libretto treats more expansively the relation between Dido (soprano) and Aeneas (alto) than did Pur-cell's earlier masterpiece (hardly familiar by 1716), in a dramatic structure much simpler and more "domestic" than Nahum Tate's. The succession of airs, each of them distinct in melodic style and vocal writing, is well planned, yet no stroke of real dramatic imagi-nation manifests itself at any point. The total was an hour of unrelieved mildness, mainly notable for stimulating new ways of admiring the genius of both Purcell and Pepusch's contemporary, Handel. An infusion of livelier rhythmic attack from the instrumentalists could well have encouraged a different impression. Dibdin's comedy, scored for the company's small orchestra of period instruments by its director Peter Holman, is at once dramatically tougher – a good bad-taste joke set out in a sequence of diverting, cleverly contrasted numbers - and more difficult to revive in terms of tone and manner. The

door-to-door salesman whose smile can turn to teeth-gritting

malice if the door jams on his

all the tricks of that trade. He can juggle, he can dance and

he can perform — and artfully mis-perform — magic tricks. Robin Williams, by contrast, is

a voice and a torrent of words. He takes a theme — sex, war, drugs or politics — and spins an epic, high-energy soliloquy. You saw him at the radio mike

in Good Morning Vietnam: now see him in his natural element,

Martin is a vaudevillian with

decorous production style (Classical facade, tasteful period costumes) that served Pepusch well enough tended to revive echoes of the jolly-goodfun school-play: mnch greater sophistication is needed here. The greatest strength of the

current Opera Restor'd team lies in its two leading sopranos, both of them young English singers of fresh, delicate style and appealingly varied vocal colonr: Bronwen Mills (Cupid in the Pepusch, Dibdin's title role) and Susan Bisatt (Pepusch's Dido, Dib-din's comic maid).

Max Loppert

The hottest theatre ticket on Broadway this Christmas has been for a production of Weiting For Godot. Why? Because it stars America's two-top white comedians, Steve Martin and Robin Williams. For at least a Yuletide, their combined box-office clout has put Samuel Beckett up there with Stephen Sondheim and Andrew Lloyd Wabber. Who knows, on this form we may soon see Eddie Murphy in Endgame and Chevy Chase in

rapp's Last Tape. But the natural habitat for these comics is neither the "legit" stage play nor the fea-ture film. It is the one-man stage show, Before video, British audiences almost never got to see these manifestations. Sometimes Richard Pryor or Eddie Murphy snuck through

### Video Comic cuts

into the cinema with a filmed solo concert. But as if by inverse colour bar, Martin and Williams's exposure outside America has been confined to roles in feature movies, and frequently awful movies at

and guffaw at will. Steve Mar-tin Live (Vestron) has the silver-haired human sparkplug on stage in glorious form, building a collage of mimicry, mime, shaggy dog tales and spoof showbiz sparkle. Martin's great flair is for switching between fake ingratiation and sudden, smouldering mean-

hogging a stage. (It is that of the Metropoliten Opera House, Williams's routines are run-away snowballs of comic invention. An ad-lib essay on politics will feature swipes at Reagan and Gorbachev, but WEST will also gather in sports com-mentators, Mafia jokes and Syl-vestar Stallone. The asides come so fast — like a thumb-nail skit on Stallone doing LONDON ANTIQUES FAIR Hamlet ("To be, or what?") -Kensington Town Hall Hornton St., off Kensington High Street, W8 that you bave to keep your eyes and ears on permanent red alert. Wonderful stuff. Elsewhere the post-Christ-mas video market has been hit 12th-15th January 1989

> Chess No. 755 1 B-K8 ch, P-N4 ch; 2 BxP ch. K-R4; 3 RxR, B-K3 ch; 4 K-Q4; BxR; 5 K-B5, B any; 6 P-N4 mate. Not 1 RxR? B-K3 ch; 2 K-B3, BxR; 3 B-K8 ch, P-N4 ch; 4 BxP ch, K-R4 5 KxB, KxB

by a hangover. A small bevy of big-screen hits from '88 make

their small-screen bow: Fatal Attraction (CIC), Wall Street (CBS/Fox), Baby Boom

(Warner) and Suspect (RCA, Columbia). Otherwise the new year is given over to titles which sound like recommendawhich south the recommenda-tions to run quickly in the opposite direction: Invasion Of The Bodysuckers, Alien From L.A., The Sheriff And The Sat-ellite Kid and more such.

If your children are unruly after Christmas, you could try sedating them with Cannon's sedating them with Cannon's series of all-star fairy tales. Having stolen this idea from actrese-producer Shelley Duvall, who pioneered her own series five years ago, Cannon do their best — which is roughly equivalent to anyone else's worst — for Snow White, Sleeping Benuty, Hansel And Gretel and the rest. The stars are mostly second-magnitude. are mostly second-magnitude, including Amy Irving, Christo-pher Walken and Isabella Ros-sellini, and the inspiration is definitely second-rate.

Curio of the month, at least for collectors of bizarre records, is Wisdom (Warner). When he made this likable if rambling Bonnie And Clyde-style thriller, 23-year-old Emihe Estevez became the young est person ever to write, direct and star in a Hollywood movie. Now to be seen on the big screen in Young Guns, as an electrifying Billy the Kid, Estevez is clearly the most talented member of the vaunted Brat Pack. In Wisdom a boy and girl (Estevez and Demi Moore) go on a cross-country bank-raiding spree: not to steal money but to blow np mort-gage files, thereby relieving (for a while) poor and harassed farmers and home-owners. It all ends in tears, as we could bave told them. But despite redictable moments, the film bas a beguiling rhythm and humanity and excellent acting. It never reached British cinemas in 1988, but a lot of worse

films did. Nigel Andrews | mentation.

### Radio Novel distraction

What Radio 3's publicity didn't make clear was that The Works is for young listeners, who need the kind of talk-down which Radio 3's features enerally avoid. I heard the first three programmes (at 6pm) and found them entertainingly miscellaneous. The first, on Monday, dealt sensibly with musicians finances, with wise advice to pop singers about long contracts. John Harle's alto saxophone played Debussy's Syriax, there was good stuff about the BBC's Radiophonic Workshop, and a

lot about bell-ringing with no reference to Dorothy L. Sayers. Tuesday gave us some varia-

variations as she played. We visited the East Berks Saturday Music School, which sounded great — small chil-dren not only taught music but also "basic musicianship" so they could still be musicians away from from their instru-On Wednesday we heard

starting with Ives'a *The Alcott House* (and ending, to fill up a spare minute, with Peter War-

lock's Beethoven Fifth Rag). Joanna MacGregor read aloud Ives's cute directions on the

score of his Varied air and

abont politice in pop music (from Jailhouse Blues onward),

and about a forthcoming week of young artists in 20th century music, disapproved by 20th century composer David Bedford. We had samples of group-composed music that I thought child-like if not actu-ally -ish. There were director's jokae about continuity that were definitely ish; when we were to hear Bedford's The sun puts rainbows on the vast waves, for wind-band and tuned bottles, we had into thy wondrous house instead. Later we caught announcer Tony Scotland knitting.

The Works won't always be at 6pm Monday to Friday, but at 6.15 on Fridays only, and lasting 45 rather than 60 min-ntes. I shan't be likely to hear it again; perhaps one of our younger music critics might have a go.

B.A. Young



ON THURSDAY, 12 January at 2.00 p.m., Christie's in South Kensington will be holding an auction of Cameras, Photographs and Related Material. A huge variety of objects will will be offered for sale, from photographic literature to erotic glass slides. Amongst the cameras will be this rare Marion & Co. Ltd tropical reflex camera, mounted in teak. Also of particular interest is a 1984 Nikon FA Gold Camera, with gold-plated trim and a lizard skin covered body. One of a limited edition, this camera will be sold in aid of the prospect hospice in Swindon. For any further information on this and other sales in the next week, please telephone: (01) 581 7611.



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# Fortune is favouring the form book

Ben Wright is well along the road to the 23rd Super Bowl clash in Miami

ERHAPS THE most unpredictable American football season in history, borne of that new sports cliche, the dreaded parity, became predictable last weekend, when the four home terms for weak his the home terms. teams favoured by the book-makers advanced to the two

play-offs three weeks before the 23rd Super Bowl clash in Miami on January 22. Tomorrow the Chicago Bears, whose record is won 13 lost 4, will start as two-point favourities over the visiting San Francisco Fortrainers (11-6) in Francisco Fortyniners (11-6) in the National Football Conference (NFC) final on the natural grass of Soldier Field on the windy, wintry shores of Lake Michigan, while the Cincinnati Bengals (13-4) are favoured by 3½ points over the Buffalo Bills (also 13-4) on the artificial turf of their own Riverfront Stadium in the American Foot-ball Conference (AFC) final.

For what it's worth, I think the Fortyniners will finally prove that they are capable of competing in very cold weather and will prevail over a Bears team decimated by serious injuries, and that the Ben-gals will beat the Bills rather more easily. The visitors in the latter will most likely be with-out their hrilliant linebacker Shane Conian (injured foot). Bills' coach Marv Levy has said his team's defence is 25 per cent better when Conlan is

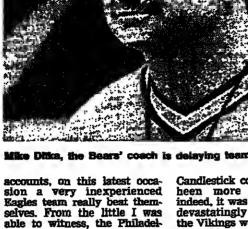
several reasons besides the advantage of playing once

again in what is forecast to be a sub-zero temperature. Firstly, they beat the Fortyniners 10-9 in Chicago on October 24. But. in Chicago on October 24. But, more importantly, the NFC title has been won for the past eight years by the home team and, in addition, San Francisco have not won a play-off game away from home for 18 years.

The Fortyniners last won the Super Royal four years ago (the

The Fortynmers last won the Super Bowl four years ago (the 19th) and previously did so three years before that (the 16th), while Chicago wou in 1984-85, the 20th. But since their last victory, San Francisco have absorbed two terrible thrashings from the New York Giants away from home on artificial turf in the victouson artificial turf in the viciously-cold and wind-swept Meadowlands Stadium in New Jer-sey in the first round of the play-offs by a combined score of 83-6. Then, last year, they went into the first round of the play-offs with the best record in the entire league, 13 wins against two losses, and unaccountably lost at home on the natural grass of Candlestick Park to the Minnesota Vikings

by 36 points to 24. When the Bears beat the Philadelphia Eagles at home by 20 points to 12 in the most far-cical play-off game I and many others never saw on Christmas Eve, because Soldier Field was shrouded in a thick eerie fog, that became their own first play-off victory since their Super Bowl triumph, following three similarly-humiliating defeats in the play-offs in the last three seasons. From all



Certainly, they had two touchdowns for at least 12 points negated by penalties. By contrast, the Fortyniners' crushing revenge play-off vic-tory last Sunday over the Vikings by 34 points to 9 at

phia team was able to move

forward against the vaunted Bears' defence almost at will.

Candlestick could hardly have heen more convincing - indeed, it was nothing short of devastatingly brilliant. When the Vikings won last year they were able to render completely ineffectual San Francisco's three superstars, veteran quar-terback, Joe Montana, running back, Roger Craig, and wide receiver, Jerry Rice. Last Sunday, Montana passed to Rice for three first-half touchdowns and Craig ran for the final two,

80 yards.

Rice, who has been slowed down all season hy an ankle injury, finally proved his fitness. Montana was so ineffective against the Vikings last year that he was advised hy several vicious newspaper critics to retire immediately. But on Sunday, he was at his ou Sunday, he was at his sharpest, completing his first six passes and ending with 16 of 27 completed for 178 yards. And he was sacked only once. Craig, an explosive runner who has been hampered at times this year by rib and shoulder injuries, finished with 135 yards rushing on 21 carries, his yards rushing on 21 carries, his eighth 100-yard game of the season. It remains to be seen whether this incredihly-tal-ented trio, on whom San Francisco rely so heavily, peaked a week too soon, which is always

At the time of writing, Bears' coach, Mike Ditka, had not announced whether his contro-versial and injury-prone quar-terback, Jim McMahon, for so long the team's inspiration, or Mike Tomczak, would start for Chicago, who have a third quarterhack with starting experience this season, Jim Harbaugh, standing hy also. Tomczak, who throws right-handed, missed several weeks with a separated left shoulder recently and hurt the same area again against the Eagles. A terrible succession of serious injuries has largely been the story of Chicago's year, hnt the extraordinarily

flery Ditka, Hollywood casting's archetypal hlue-collar coach, who suffered a minor heart attack during the season, has somehow inspired his men to prevail against all the odds. There could hardly be a more fascinating and complete contrast in style and temperament between the massive Ditka and the frail-looking, white-haired and cerebral San Francisco coach, Bill Walsh, widely recognised as a genius in his field for the past decade. On the sidelines, Walsh is as quietly and coolly-calculating as Ditka is blustery and outspoken. In fact, Tomczak took so much verbal abuse from his so much verbal abuse from his coach for three years be has resorted to psychiatric help this season to bolster his sag-ging confidence, and it has worked wonders.

The Bengals, who lost to the Fortyniners in the 16th Super Bowl hy 26-21, beat the Bills en route to the world champion-ship final 28-21. This season, they robbed the Bills of home field advantage by beating them at Riverfront by \$5-21 on November 27. Buffalo was last in a title game in 1966, when they lost the AFC final to the they lost the AFC final to the Kansas City Chiefs by 31-7. The Chiefs went on to lose the first Super Bowl game, which was then un-named, to the legendary Green Bay Packers. The Bengals and Bills are plainly the two best teams in the AFC today. But I think neither will today. But I think, neither will be able to stop the Bears or the Fortyniners from winning the 23rd Super Bowl



Joe Montana: a superstar who has proved his filness

EWI MORRIS, the Welshman who plays scrum-half for England, was having trouble with his washing machine. "Are you any good with these things? I only bought it yesterday and

already it's packed up on me."

The incident hrought a brief respite from a tough training schedule for the 24-year-old from Crickhowell who has shot from Junior rugby to the England team after less than a year in the first class game. Morris, son of a Welsh father

and an English mother, had played in only 10 games for Liverpool St Helens when he caught the selectors' eye in a charity match against a World XV at Gateshead. "There was a lot of luck in it; being in the right place at the right time, I suppose," he says.

An appearance for England B. v Australia was quickly followed by promotion to the full national side for the entertain-

Morris, who is six feet tall and weighs about 13% stones, has already been hailed in

Such adulation is something of a mystery to Morris, who spends his working week as a production controller at the hrewers Greenall Whitley in so quickly I can hardly believe

ing game against Australia.

some circles as a saviour in a No 9 jersey: a natural succes-sor to Nigel Melville. And at that height and weight, he has also been described as playing

it myself," he says.

Morris learned his rugby at
Brecon High School, and then

went on a business studies

6 Mum or Dad, for example

7 Novel end of passage (5) 8 Woman or woman of refine-ment in Gilbert & Sullivan?

9 Valediction of this length?

(2,4) Flameproof contract? (4,6) 17 Famous feature of Greece

— a harvest on poor soil (9)
18 Duil club for evening? (4-4) One makes a living by marking cards (7)

21 For this fruit juice, some disconnect a ring-pull (6) 22 Etonian not involved in a row? (3,3)
24 Projection of joint could mean difficulty at Wimble don on the way back (5) 26 Fair horoscope, we hear (4)

Solution to Puzzle No.6,827

# Racing through the ranks

John Kitching talks to the Welshman who plays rugby for England

course at Crewe and Alsager College before joining the brewery company. It was then that he started to play rugby for Winnington Park, a junior side based at Northwich. In doing so he made his first serious commitment - as a Welshman — to English rugby. "I like the people in the north west, and had already decided that if I was to be considered at any stage by Wales, it would probably be important to be playing my rugby there. So I threw in my lot with England."

After three years at Winnington Park, Morris moved into the first class game – and the first division of the Cour-age Leagues – with Liverpool St Helens, Does he feel the leagues have

been good for English rugby? His reply is unequivocal. "For the junior clubs, as much as any it's been fantastic: there's always something to aim at, another league to move to. "OK, in the first division, things haven't been going too well for Liverpool St Helens, but we're still fighting.
"I think the leagues have given a whole new impetus to the game in this country and have certainly contributed to

its well being.

But have they led to poorer, play-safe rugby because there is too much at stake? "I agree that from time to time you will get dire games, and perhaps some 10-man rugby in the effort to win. But the good thing about the leagues is that they're the only way a club can show it's true worth, measured

against other sides in a competitive environment."

Many have expressed cou-cern that the leagues could eclipse the "cluh game" or friendly fixture. Morris dis-agrees. "In a way those games have become even more entoable; you feel less restricted and can often go out to try to win in style. They also provide a good opportunity for trying out new moves, new ideas." Morris has joined an England squad which seems, for the first time in years, to

"Obviously I want to go on playing for England in the Five Nations championship (which exude confidence. Much of exude confidence. Much of that, he says, has to do with the appointment for the whole season of Will Carling as captain. "I think that was a tremendous thing for Geoff Cooke (team manager) to do. It follows the New Zealand pattern. It does no good for team spirit to chop and change your skipper, and Will's such a great character that the atmosphere opens on January 21) and I will have my eyes on the Lions' tour to Australia - if I has comes. I want to enjoy my improve it constantly." character that the atmosphere is terrific. Roger Uttley's (coach) influence is important

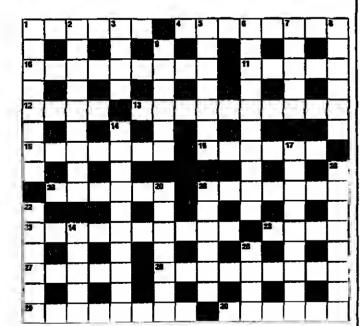
What is it like playing your first international after only a few first class games? "It's an amazing day, Everything goes so quickly and you are swept along by the noise of the crowd. Your whole family has a great day out, it really is very special."

His hobby, he says, is rest. But he does not get much of it. When he isn't training or at work, he is often to be found weight lifting or road running. "I'm very lucky that my firm allows me generous time off to get on with the game. It's a great help." Morris has also been known to appear in local soccer and cricket teams, "But there's so little spare time." One skill be still hasn't mas-tered is mending washing

"I shall take every game as it

#### CROSSWORD

No. 6,828 Set by DINMUTZ
Prizes of £10 each for the first live correct solutions opened.
Solutions to be received by Wednesday January 18, marked
Crossword 6,828 on the envelope, to the Financial Times, 10
Cannon Street, London EC4P 4BY. Solution on Saturday January



ACROSS
1 Liable to change (6)
4 Plugging ceiling, say? (8)
10 Rotating firework doing real

11 Part of Asia Minor in early diagrams (5)

diagrams (5)

12 She has little digital flexibility in theatre (4)

13 How the French take a line of description (10)

15 Making clear profit from reticular fabrics (7)

16 Lasso in a trial throw (6)

16 Lasso in a trial throw (6)
19 Burning forest, tiger's head appears (6)
21 Figure of earl, perhaps, following miners' body (7)
23 Survey of things past hyporters etc. in exchange (10)
25 Place for Mark (4)
27 Sydney's Stranf? (3)
28 Shelley's sales represents.

28 Shelley's sales representa-tive from an antique land 29 Body near-mouldered in cemetery (8) 30 Famous sailor in hold (6)

1 Something to bind dressing round pheasants, perhaps

(8)
2 One feels the pressure, being tapped regularly in lobby (9)
3 Settle property? (4)
5 Opening of theme by Mahler, perhaps, is rising air (7)

2:18 see Seturdey Starts Here. 2:20 Cor-ners. 3:40 Chuckievision. 3:30 Going Livet 12:12 pm Woother. 12:15 Grandstead, inclusi-ing 12:20 Footbelt, 12:45 Recing from Hay-dock Park; 12:36 Rower, 1:39 Regby Lesgue (JPS Trophy Fleat; 1:25 Recing; 1:26 Siding from Gurnieb; 1:45 Recing; 1:26 Siding from Gurnieb; 1:45 Recing; 1:36 Siding; 2:36 Regby Lesgue; 2:55 Sid-jumping from Bis-cholahoten; 3:56 Rugby Lesgue; 3:58 Footbelt; 4:50 Cyclo-Crose; (The Falcon Hestonat Cham-pionshipe from Biresingham). 4:49 Final

4:00 Cyclo-taure )

Jonah Per Tom Birmingham). 4:00 plonships from Birmingham). 4:00 plonships from 2:15 Regional programmes, 8:20 The Plying Bockers, 8:20 Jen's Fix R. 6:40 Rob's Full House. 7:15 'Alto 'Alto' 7:90 The Paul Daniels Magle Show, 8:25 Cotumbo. 8:40 News and Sport. 9:35 Match of the Day: The Road in Wembley: Descond Lynam introduces highlights of time of today's FA Cup third round matches. 1:8:35 Film: "A Man third round matches. 1:8:35 Film: "A Man

BBC2

12:00 Open University, 12:00 Film: "Crin

But see Articles of Faith, 8:30 This is Day, 10:00 Man and Boy, 10:25 To Nobody's Word for it. 10:30 Russian Liguage and People, 11:15 Deciseb Din 11:40 Susiness Matters, 12:45 pm Sign Ex-Albert Square, 2:15, 12:30 Country Including 12:55 Comprehensive weather to cast, 1:59 News; On the Record prosected Jonathan Dimbleby, with John Cole, 2:49 Edicates, 2:00 Matter to the Day. The Reset

**\$4C WALES** 

SEE am Here and Now on 4, 1839 The World This Week, 1839 The World This Week, 1839 The World This Week, 1930 The Waltons, 1230 Tressure-Hent, 1889 pm Lost in Space, 258 Film: "Palescale", 1849 Joe McDostos, 458 News Bunnerry and Vestiner. 389 The Business Programms. 258 American Football, 646 The Costry Show, 2710 Fragile Earth: The Solem Rher. 215 The McSusamer Marriage (accord of three programmes about 5tr Michael Tippet. 11136 "Our May in Havens" starring Alec Guidness and Noel Coward. 1859 see Mczart: Violin Concerto K216 in G minor.

[Buster Keston silent comedy), 2:55 Fibra: "Foreign Correspondent" with Joel McCree. 8:80 Bake: Komba's Forest. 7:00 Carrey Aleb. 7:39 Newyddion, 7:90 Y Mass Chwarne. 8:30 "Steckind, Stacklodi", 19:00 The People of the Four Winds. 8:A Regions as Loedon except at the follow-long times:

ANGLIA 11:20 am Kolght Rider, 2:10 pm The Man from UNCLE, 12:30 am The Hit Man and Her, blowed by ITN News Headlines. BORDER

11:25 am The Chert Show. 12:30 pm America's Top Ten. 2:10 The Fall Guy. 12:36 am The Hit Man and Her, followed by ITN News CENTRAL 11:36 am Star Floet. 2:10 pm Sportswork: sporting action from around the world. 12:30 are Prisoner: Cell Block H. 1:30 Film: "Urban Cowboy" (1980) with John Travoka.

CHANNEL 11:00 am The Chart Show. 12:30 pm Ace of Aces. 2:18 The Man From UNCLE. 12:00 am Tim: "The Commonwers", followed by STN

GRAMPIAN

**SATURDAY** GRANADA

TELEVISION & RADIO

11:30 am The Chart Show, 12:30 pm Ar ka's Top 10, 2:10 The Man From UNI 12:30 am The Twillight Zone, 1:00 Throb, Married, With Children.

11:30 cm The Chart Show. 12:30 pm The South West Week. 2:10 Charile'e Angels. 5:00 Newaport. 12:30 am The Hit Mar and Her, fotlowed by ITN News Headines.

11:30 am The Chart Show, 18:36 pm Ace of Aces: International Grasstrack Recing, 2:10 The Man From UNCL. 12:20 am "The Com-enchance" with John Wayne and Stuart Walt-man, followed by TN News Mackillons

TYNE TEES 71:20 um The Chart Show, 12:38 pm Amer-ics's Yop Ten. 2:10 UPO, 12:38 am iTN News Headlings, 12:32 The Hk Man and Her,

ULSTER am The Hit Man News Headlines.

YORKSHIRE 11:39 am The Chart Show, 12:30 pm America's Top 10, 2:10 Chartie's Angels, 12:56 am ITN News Headlines, followed by The Mit

**BBC RADIO 2** 

205 are Devid Jacobs. 239 Sounds of the 50s with Simon Dec. 16:69 Anne Robinson. 12:50 Gerard Harper. 1300 pm Jonan and Friends. 120 Sport on Two, including, Foot-ball, Rugby Leegue, Racing from Sandown Park. and at 5:08 Sports Report. 6:20 That's Show Business. 7:50 Beat the Record. 7:50 The Massad Bands of the Royal Air Force. 2:59 String Sound. 10:35 Martin Keiner. 12:95 ans Night Cwis with Dave Getty. 1:30 Olymide Thomas presents Nightids. 2:30-4:50 A Lis.

BBC RADIO 3

Music for Guitar played by Siduardo Fernan-dez.

4:38 Debut: Cilve Williamson plays the Plano Soneta by Elilot: Carbor. 8:48 dezs.

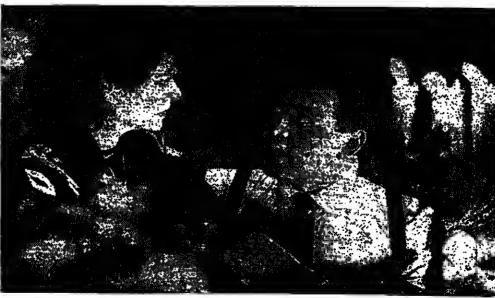
Record Requests. 8:48 Critics' Forum. 6:28 "Jerufa", Jamacatte opera in a Conch Radio recording with Magdelens. Statustations in the title role. 8:38 Mozart Custrate in G. Killia-the title role. 8:38 Mozart Custrate in G. Killia-played by the Coull String Quarter. 8:18 Sec-dio 3: A Mod of Arden' (play with Marth, Crimp). 8:59 Now Music from Oblina. BRC South-In SI Conducted by Shee En with exil-iste and chorus: Tan Our (On Taolem). He Sun-Tlan (Four Dreame), Chen Yean-Lie (Ba), Guo Wen-Ing (Shu Dao Nau), 11:15 Frust Petala to Pompidos (French cabarat soigs.

(Piano Concerto No 2) and Schubert (Symphony No 2), \$30 Fists and Piano David; Heath (fulle) and John Lemphon (pianotherpsichord); Blavet (Sonata, "La Lumagne"). Heath (Formania), Gogort (Suite Op 198, 30); Music for Guiter played by Eduardo Fernandas

BBC RADIO 4

BBC RADIO 4
7:30 ses Todoy, 2:30 News, 2:36 Sport on 4
with Giff Morgan, 2:30 Breakstway, 10:30
News; Loose Ends with Ned Sharrin, 11:39
News; Loose Ends with Ned Sharrin, 11:39
News, Liding Politics, 11:26 Form Gur Osts
Correspondent, 12:26 Money Box, 12:28 Money
For Sorry I Haven I Glue (n), 12:35 Monether,
1:30 News, 1:10 Arry Questions? 1:36 Shapping Formount, 2:30 Arry Anseeser? 2:38 All
Free Now (s), 4:30 News, 1:35 Age to Age,
4:28 Science Now, 1:30 Family Foreigns Science
Week Ending, 2:30 Shaping Foreigns 2:30
Week Ending, 2:30 Shaping Foreigns 2:30
Week Ending, 2:30 Stepsing Foreigns 2:30
Week with Flober Robinson, 7:48 Shap The
Week with Flober Robinson, 7:48 Shaping
Hogh Thesbre (s), 2:15 Monet in Minis (s), 2:39
For to Ten' (s), 2:30 Wessher, 16:30 News,
(c), 12:38-12:30 am News,

#### SUNDAY



Janet Suzman as Sosostris and David Wilson-Johnson as King Fisher in Sir Michael Tippett's opera The Midsummer Marriage, tomorrow Channel 4, 8.15pm

DOWNSMAN SPICES
A H E U S O O O
GLOOM SUNFLOWER
O L I T A Y E O
GLEFSTEAK UDDER
A M K R E N
REGIME DESSERT
S A M A P Y
GALOMEL CATKIN
A E O D U N C
OREAD WATERSAIN
R M L T O E I S
DRINKS HEADACHE BORDER

ANGLIA 12:50 per Ferming Clery. 12:60 Prisoner: Cell Block H. 1:00 am The Other Side of Midnight.

CHANNEL 4

12:38 per Out of Town, 18:98 Prisons Stock H, followed by ITN News Heat 1:08 are The Other Side of Midnight Anthony Wilson. CENTRAL 12:30 pm Here and Now. 1: Cell Block H, followed by ITN Incs. 1:00 sm The Chart Show.

CHANNEL 12:30 pm Reflections 12:35 Les Francai GRAMPIAN

**GRANADA** 

TYNE TEES

ULSTER 12:36 pm The Prizoningers -of Death, 12:08 Hammer Hou

YORKSHIRE RADIO

BBC RADIO 2 7:30 sus Rogue Royle says 'Good Marning Sunday' with guest Cardinal Basil Hums. 2:05 Melodies For You. 11:00 Desmond Cardination with your Radin 2 All-Time Greats. 2:30 pm Benny Green. 2:50 Alan Dell. 4:30 Metaseth McKeller Sings a Song for Everyone. 4:30 Kenneth McKeller Sings a Song for Everyone. 4:30 Sings Sossething Simple. 2:30 Charlie Chester. 7:30 Huddwints with Roy Hudd. 7:55 The John Lawrenson Collection. 8:36 Sunday Hall-Hour. 8:36 Your Hundred Best Turses. 18:35 Songs from the Shows 11:30 (-Pelse BBC RADIO 3.

RADIO 4

Solution and winners of the Christmas Crossword appear on page V of Weekend FT.